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WE'VE BEEN WRONG AGAIN

The food sector seems to catch more public flak than any other sector of our economy. Consumers always feel that they pay too much for food.

They will grouse about the price of a new automobile once every three to five years. They will grumble about the price of a dress occasionally. They will complain about the rent when it increases. They will shake their heads in dismay over the price of new furniture when they make an occasional purchase.

But food--that's different. At least three times a week, and often three times a day, "It costs too much!"

Mrs. Housewife echoes it. The college student in the dormitory echoes it. The truck driver at the lunch stop echoes it. The pensioner echoes it. The person tearing out Food Stamps at the checkout counter echoes it.

"If we could just roll back food prices," they say, "we could eat more food and better food and still have more money available to spend for the luxuries of living."

This philosophy is held, consciously or unconsciously, by perhaps more Americans than any other economic concept. The concept is false! It simply does not work that way.

Nevertheless, periodically pressures to "do something" build up in our society--first through the consumer route, then fanned by politically ambitious but economically irresponsible advocates. The movement eventually finds political expression of such force that governments succumb to the pressures and take strictly counterproductive action in the form of strict price controls in the food industry.

Address by Secretary of Agriculture Earl L. Butz to the National Food Editors Conference, U.S. Department of Agriculture, Washington, D.C., January 11, 1974, 12:30 p.m., EDT.

Shortly everybody learns, "We've been wrong again."

Those who fail to learn from the mistakes of history are condemned to repeat them. Economic history is no exception.

We wrote another chapter last summer in the history of counterproductive manipulation of food prices. When we slapped ceilings on meat prices, for example, great hurrahs went up from some consumer groups--"Aha! At last we've forced the hand of Government to take action against the selfish special interests in the food industry."

The victory was short-lived. Quickly baby chicks were destroyed. Poultry flocks were liquidated. Pregnant sows were sent to slaughter. Milk cows were marked for the block.

Within weeks the very consumers who had clamored for lower prices and for price rollbacks realized that everything was not going according to plan.

Every baby chick destroyed represented drumsticks that would never reach the meat counter. Every hen slaughtered represented dozens of eggs that would never be cartoned. Every pregnant sow headed for market represented pork chops that would not be eaten eight months later. Every dairy cow turned into beef represented milk that would not be on the table.

The lesson was quickly and painfully re-learned that low consumer prices are not the sole key--indeed not even the important key--to better living. Production is the answer. We live better only when we have more of the things we want and need--and the only way to get more production is to let stronger prices induce producers to turn out more. In turn, increased supplies keep prices in line.

Farmers are no exception to this economic truth. We have just harvested record crops in 1973, and for 1974 American farmers will turn on their production spigot as never before. While some of this production may be response to patriotism or to exhortations by this Department and the agricultural colleges, the great bulk of it is purely and simply response to stronger market prices.

This is an incentive-oriented society. Some people call it a profit-oriented society. Call it what you will--but experience has shown us, over and over again, that there is no substitute for economic incentive in getting added production.

We ignored that experience last summer. We took the bureaucratic approach. We were wrong again--dead wrong!

For a little while after that lesson, everybody knew we had made a mistake. Our politicians knew it. Our bureaucrats knew it. Our economics professors knew it. Our consumers knew it. Our editors knew it.

Now, six months later, the lesson wears thin. Pressures again are generating for controls. Politicians, with an ear to the groundswell from back home in this election year, one by one are being tempted to be wrong again.

All of us want the affluent life. We want plenty of wholesome, healthful, nutritious, and palatable food at reasonable prices. Experience has demonstrated, time and again, that the best way to obtain that food is when reasonable profit is a viable incentive for farmers to produce it.

It is no accident of history that the advanced Socialist nations of the world now come for their food and fiber to this incentive-oriented economy of the United States.

It is no accident of history that those same Socialist nations spend on the average from 40 to 70 percent of their take-home pay for food--compared with our average of less than 16 percent.

It is no accident of history that the nutritional level of people in those same Socialist nations is substantially below what it is in this incentive-oriented society.

The most amazing thing is that, even with this track record clear and visible in this country, every couple of years important groups of our people insist on being wrong again.

The only way in which we can escape being doomed to repeat this experience periodically is for those who are thought-leaders and opinion-molders in this country to seize the opportunity to prevent us from making old mistakes anew.

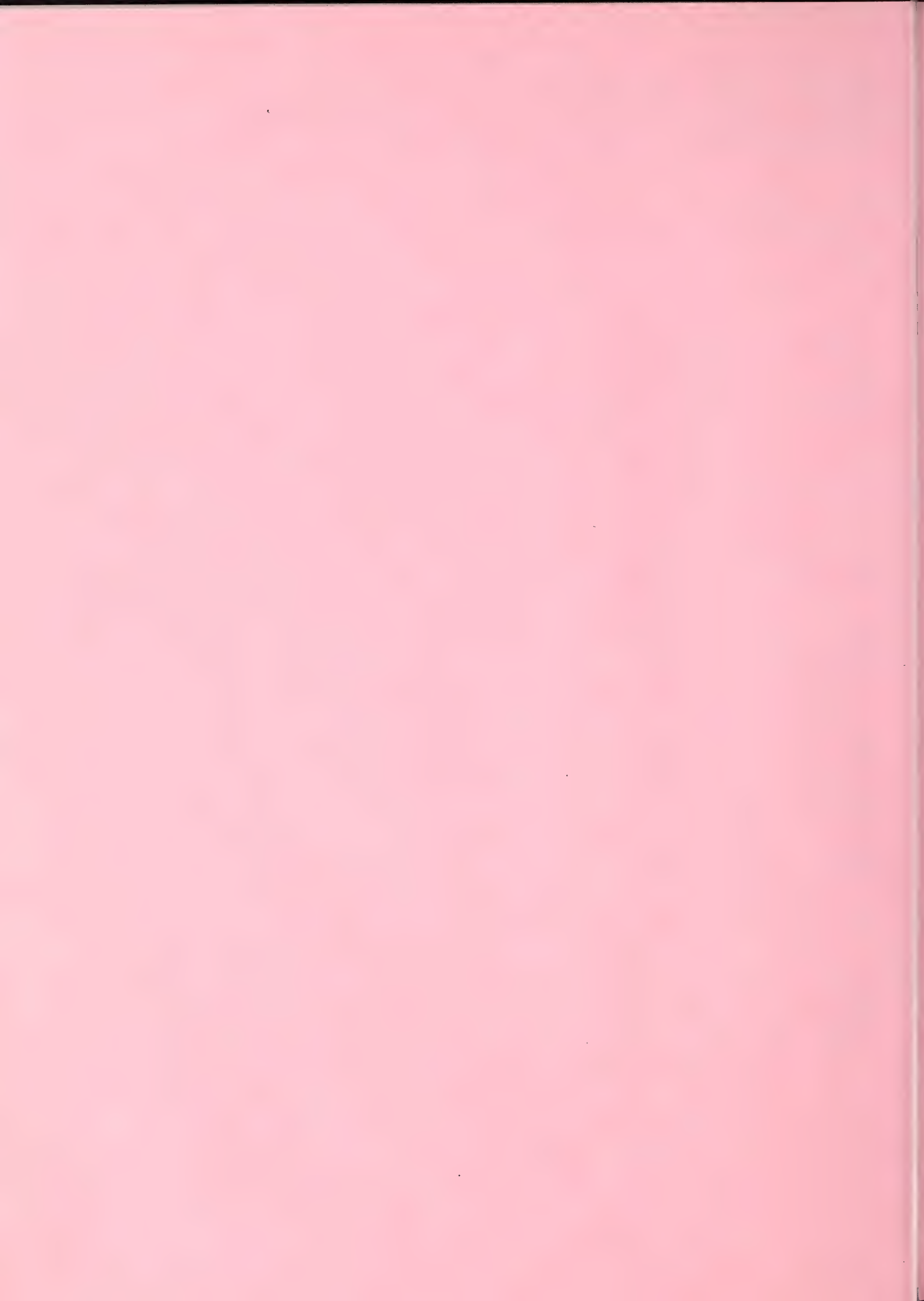
You who are Food Editors are in key positions to contribute substantially to raising public understanding of food economics. Your efforts can prevent the American people from joining the futile parade of those who insist on being wrong again.

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USDA 88-74

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BETTER MARKETING BOOSTS FARM INCOME

These are new and interesting days in American agriculture. Nowhere is the newness more apparent than in the broad fiber industry this year. You are deeply involved in the new era.

In the fiber field, we have two primary sources. We have the natural fibers, such as cotton and wool. And we have the man-made fibers, like the polyesters.

Production costs for both kinds of fiber have been going higher. Producers of both kinds of fiber know they have to cut costs.

Since man-made fibers are made primarily out of natural gas, these fibers probably are going to be in for a period of higher costs unless we find a more economical source material.

The demand for cotton will benefit from any decision to cut back or limit man-made fiber supplies, and the makers of synthetics have already announced plans to cut back polyester production.

Of course, production costs of natural fibers continue to increase, too. There is no indication that labor costs are going to go down. Machinery costs are not going down. Fertilizer costs are not going down--in fact, they will continue fairly high for some time because they, too, rely on the petrochemical industry for feedstocks. Leafy plants, such as cotton, require a lot of nitrogen fertilizer.

But the 1974 version of the energy game of "Simon says," clearly gives the edge to cotton and the natural fibers over the man-mades.

Address by Secretary of Agriculture Earl L. Butz before the American Cotton Growers at Lubbock, Texas, January 15, 1974, 1:45 P.M.

This increased demand opens the door to new opportunities for cotton growers. Growers on the Texas high plains may already be a jump ahead of the rest of the country in gearing up to take advantage of these new opportunities.

With the smaller cotton crop in the Delta, due largely to a wet spring and unfavorable planting conditions, nearly two-fifths of the 1973 crop was grown in Texas and Oklahoma. Cotton producers in West Texas are among the most efficient growers in the United States. But this area also has one of the highest costs for that portion of the total marketing system that takes place off the farm.

Farmers in this area recognized that it was time to adopt and take advantage of new opportunities. As long as they stayed with traditional trade practices and time honored customs, it was going to be hard to "get a handle" on the marketing opportunities and effectively cut these costs and maximize their returns.

They teamed up with some of our people in the Farmer Cooperative Service to study the feasibility of lowering the handling costs between the farm and the customer to provide a "package service," competitive with the kind of service producers of synthetics were offering.

That study was the genesis of the facilities at Crosbyton. It points the way to a more valuable product, delivered on time when and where the buyer wants it. It points to bales that are uniform in size and quality and therefore more likely to command a premium price in the marketplace. It promises satisfied customers and more profit for growers.

This is a legitimate use of farm marketing power, and the American Cotton Growers have set a target for farmers in other areas of the country to shoot at.

These changes have taken place largely as a result of a substantial change in direction of farm policy.

But it is farmers who have made the changes, who recognized that the bi-partisan Agricultural Act of 1970 established the climate in which farmers could develop this program.

The Act of '70 introduced set-aside programs for cotton, feed grains and wheat. It moved agriculture away from the rigid acreage allotment and marketing quota programs that had restricted production for more than 30 years. It paved the way for the historic actions of President Nixon in opening the doors of trade around the world, reestablishing peaceful trade relationships with the Soviet Union and the Peoples' Republic of China, and demonstrating for all time that America is indeed the world's greatest and most reliable source of food and fiber.

The Farm Act of 1973 is operating this year. It builds on the foundation of the earlier Act, offering farmers even more freedom in making their own farming decisions and responding to the demand-pull of domestic and export markets in ways that will maximize their individual net profit.

We expect cotton growers across the belt to take a hard look at their present operations and adjust them, where necessary, to make the best possible use of their resources of land, machinery, credit and other resources.

The market for food has to be a part of the cotton outlook, because cotton, wheat, feed grains and soybeans frequently compete for the same acres.

No farmer should expand his cotton acreage willy-nilly. He should cost out his operation and make his decision based on his own operation and where he can maximize his income.

In this area, we've seen some acreage move from cotton to milo, or other feed grain. We've seen some land devoted to the growing livestock industry.

The 1974 cotton program is realistic. It allows this kind of farmer response to market potential.

The 1974 cotton program features a national base acreage allotment of 11 million acres. This is up a million acres from 1973 because there is a need for more cotton to supply the markets of the world. Our national production goal of 14.8 million bales is more than two million bales higher than the 12 million bale goal we set last year. A preliminary loan rate of 25 cents a pound is about 6 cents higher than the preliminary rate for last year.

Also, this year, for the first time, the Government will share the risk of production with producers of cotton, wheat and feed grains through a target price concept. For cotton, growers are guaranteed a price of 38 cents per pound for the 11 million acre national allotment.

The 1974 program requires no cropland set-aside or conserving base as a condition of program eligibility. This feature, combined with substitution provisions, allows maximum flexibility in the planting and harvesting of crops.

The Department of Agriculture is currently studying ways to restructure its field delivery service. Aim is to help farmers get facts and keep current on program offerings and market potential, do all their business with USDA agencies at one place, and serve farmers better and more efficiently.

Facilities of the Agricultural Stabilization and Conservation Service, Farmers Home Administration, Federal Crop Insurance, and Soil Conservation Service, and in some areas other USDA offices, are being coordinated into one-stop service centers. The goal is to improve the quality of service which the Department of Agriculture offers farmers and rural communities. One of the secondary benefits will be a savings in the administrative costs. While this is not the major purpose of the change, it is most welcome at a time when the Administration is fighting inflation with every weapon we can muster.

Farmers who decide to continue in cotton production will need to keep up with a good many fast-breaking developments.

The practice of forward contracting of cotton increased dramatically in 1973, primarily reflecting greater reliance on the market and less Government involvement in cotton production and marketing.

There is evidence that there has already been substantial contracting of the 1974 crop, indicating that both cotton growers and buyers are planning ahead. Locking in a price at an early date gives cotton farmers a tremendous advantage in planning production and obtaining loans to cover production expenses.

Now, I know that a lot of people point to the growers that contracted real early last winter, and then at the skyrocketing prices that ensued later in 1973. Farmers are like others in computing their gains or losses on "what might have been." But it's been my observation over the long pull that no one, farmers included, ever went broke taking a reasonable profit from what he grows, makes or sells.

Average prices received by farmers for the 1973 crop also increased sharply. The preliminary value of the 1973 cotton crop is \$2-1/2 billion, the highest income since 1953/54 when production totaled more than 16 million bales.

The signals all point to increased exports during this marketing year. There is a particularly strong foreign demand for some of the medium and longer U. S. staples. This demand comes at a time when supplies of these staples are relatively tight because of reduced production in the Delta.

We anticipate that U. S. cotton exports this marketing year will hit a 13-year high of about six million bales. Overloaded transportation and port facilities will be a limiting factor on actual shipments. So will the availability of bunker fuel for ocean shipping. But cotton consumption in the foreign non-communist countries is expected to increase by nearly 1-1/2 million bales over last year. This will be an increase of 2.4 million bales above the level of two years ago.

The philosophy of this Administration, and the intent of the Congress as reflected in the Farm Act of 1973, is to furnish the climate and the necessary tools to allow U. S. cotton to compete aggressively in markets both at home and abroad.

Industry teams, visiting both Eastern and Western Europe, and in the Far East, tell us that there is a growing foreign demand for U. S. cotton if it is of the desired quantity and quality and is priced competitively.

U. S. mills offer a market potential greater than we forecast a year ago, due to the tight supply of man-made fibers, and the fact that consumption of man-made staple fibers on cotton system spinning spindles has leveled off since early 1973.

These opportunities are a major challenge to the cotton industry. You are meeting this challenge through positive, competitive marketing. Your new facilities are proof that farmers are equal to the challenge before them.

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Advance for Release at 6:30 A.M. EDT, Tuesday, Jan. 15, 1974

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YOU CAN STILL EXPAND YOUR MARKET

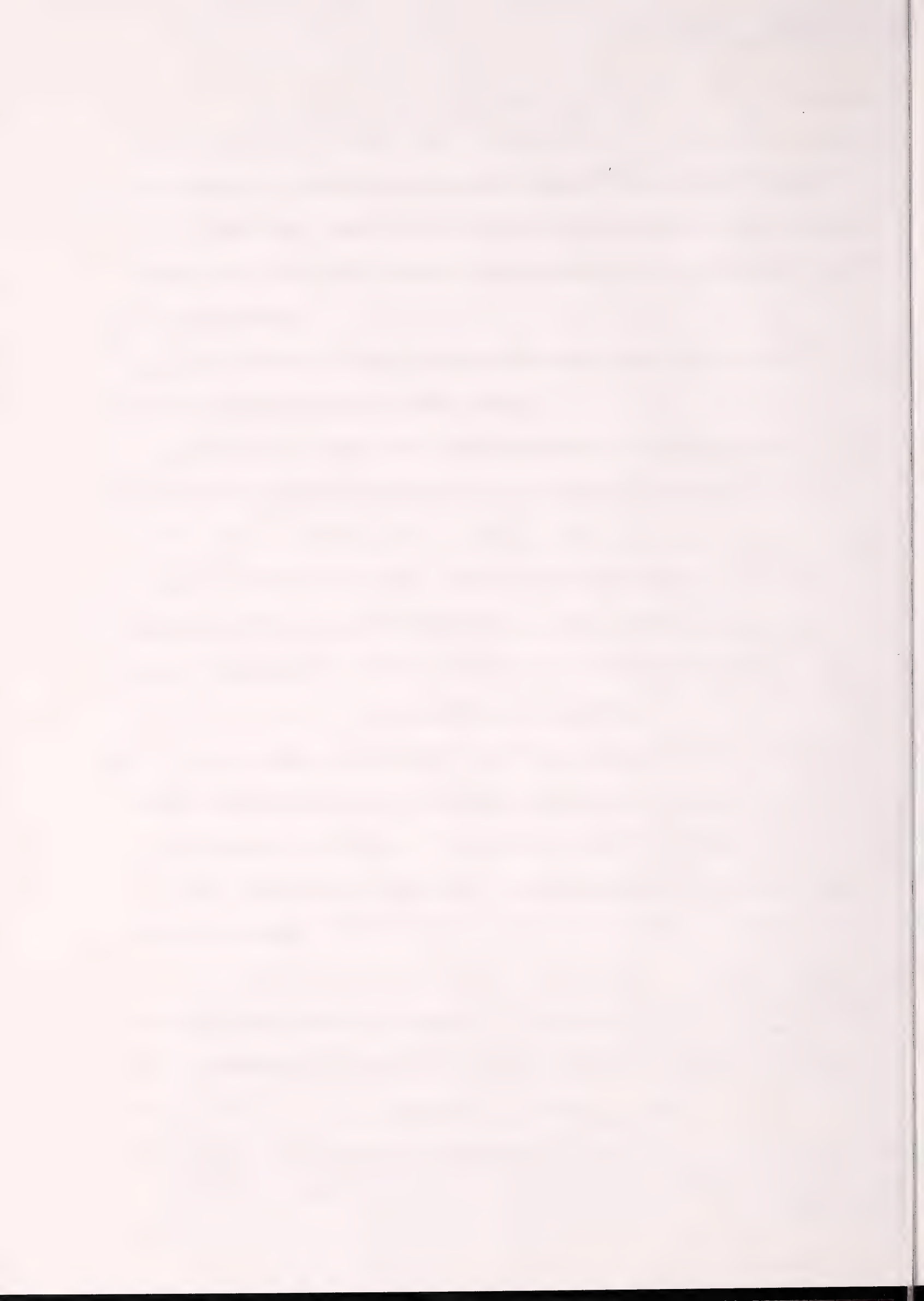
"Sunkist" is a mark of quality in which consumers have confidence, a symbol of product differentiation and merchandising at its best, an example of cooperative marketing which is a pacesetter for the rest of agriculture.

Sunkist has combined the very best of the quality and productivity ethic, which has always been our agricultural heritage, with the shrewdest Madison Avenue marketing techniques. It has melded them together with solid, forward-looking, high-principled, soundly-businesslike leadership. You have built a magnificent monument to the cooperative way of doing business in America--and I salute you.

It is especially appropriate that I pay tribute to the great Teague family--Charles C. Teague whose early leadership as your president did much to bring Sunkist to its position of greatness, and his son, Milton M. Teague, who more recently held this organization's presidency.

Today I pay special respect to another member of the Teague family whose unusually sound national leadership on agricultural matters stemmed largely from his roots within the Sunkist organization. I refer to the late Charles M. Teague, Congressman from Santa Paula, and at the time of his death ranking minority member of the Agriculture Committee of the House of Representatives.

Charles Teague's leadership will be sorely missed on the Agriculture Committee. We deeply regret his passing from that post of leadership.



His contribution there was a great one. His greatness stemmed in large degree I am sure from the philosophy he shared with you. A tribute paid him in the Washington Star-News just after his death sums it up well: "His influence in maintaining free rather than subsidized agriculture did much to shape American farm legislation."

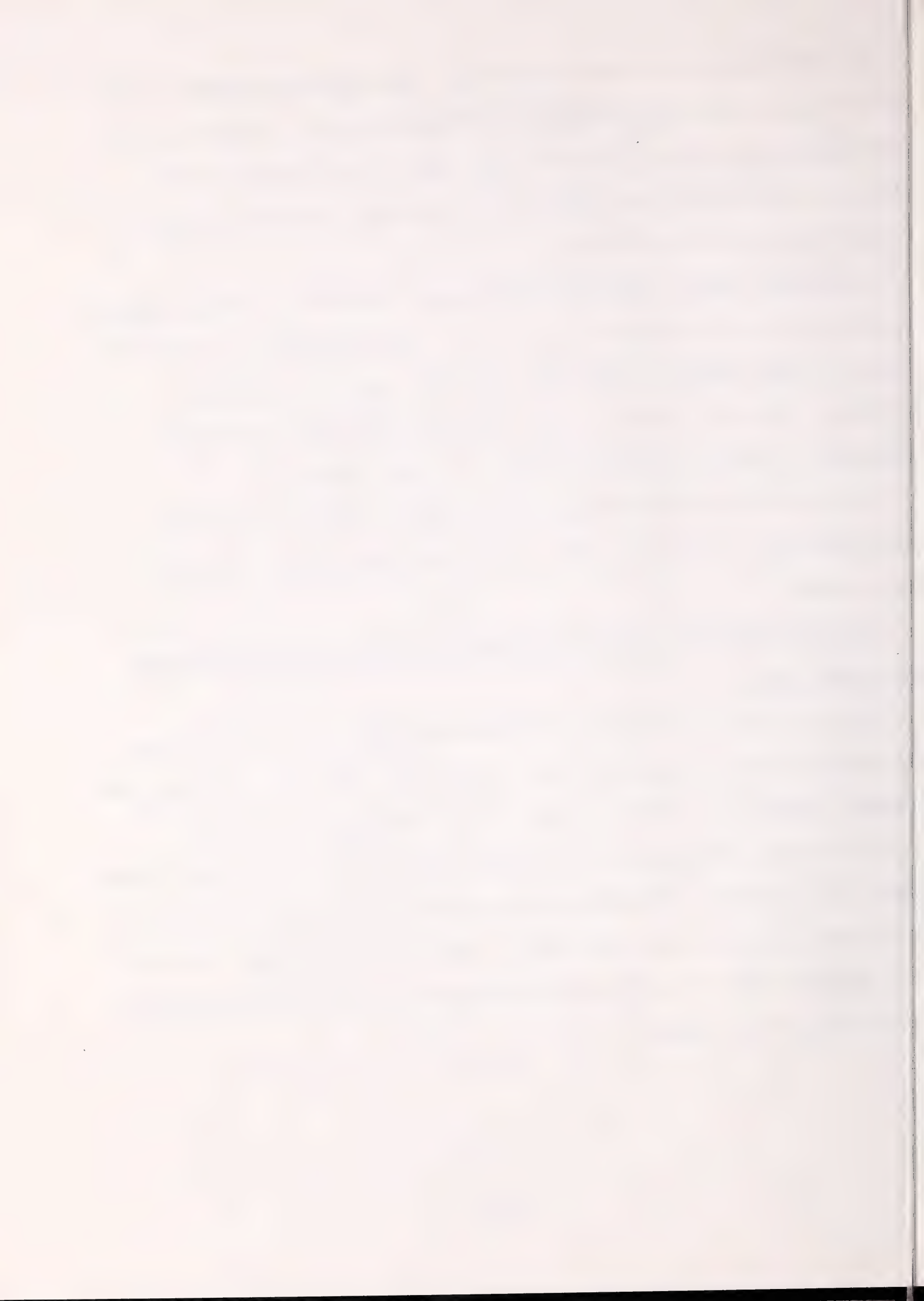
Congressman Teague's determination helped to achieve the nearly complete turnaround in farm legislation in the 1970's. That legislation has freed our farmers from the shackles of the past, paved the way for an expanding agriculture, and has allowed the market system, rather than the Federal bureaucracy, to become the dominant factor in farm production.

In the spirit of Charles Teague and the entire Teague family--which is really the spirit of Sunkist--I want to talk about the biggest challenge facing Sunkist.

Your challenge is to continue to expand the gigantic market which you have already built.

This is part of the challenge to farmers everywhere--to build markets. You have already done a great job. No one dare deny that fact. You have made the brand "Sunkist" on a piece of fresh citrus synonymous with quality.

You have done a marvelous job of making fresh citrus a year round consumer product. It used to be a Christmas item--a special surprise at the bottom of the Christmas stocking hung on the mantle. For a long time fresh citrus was just a seasonal treat. Now it is available on an everyday basis--and Sunkist can take much of the credit.



The domestic market for all citrus has expanded explosively. A major part of that explosion has been in processed citrus. As Florida has shifted heavily to the frozen juice concentrate business, you have maintained a dominant position in the fresh citrus market. Sunkist has consistently marketed 70 percent of the fresh citrus from Arizona and California--and that is certainly to your credit.

There is still room to expand the domestic market for fresh citrus.

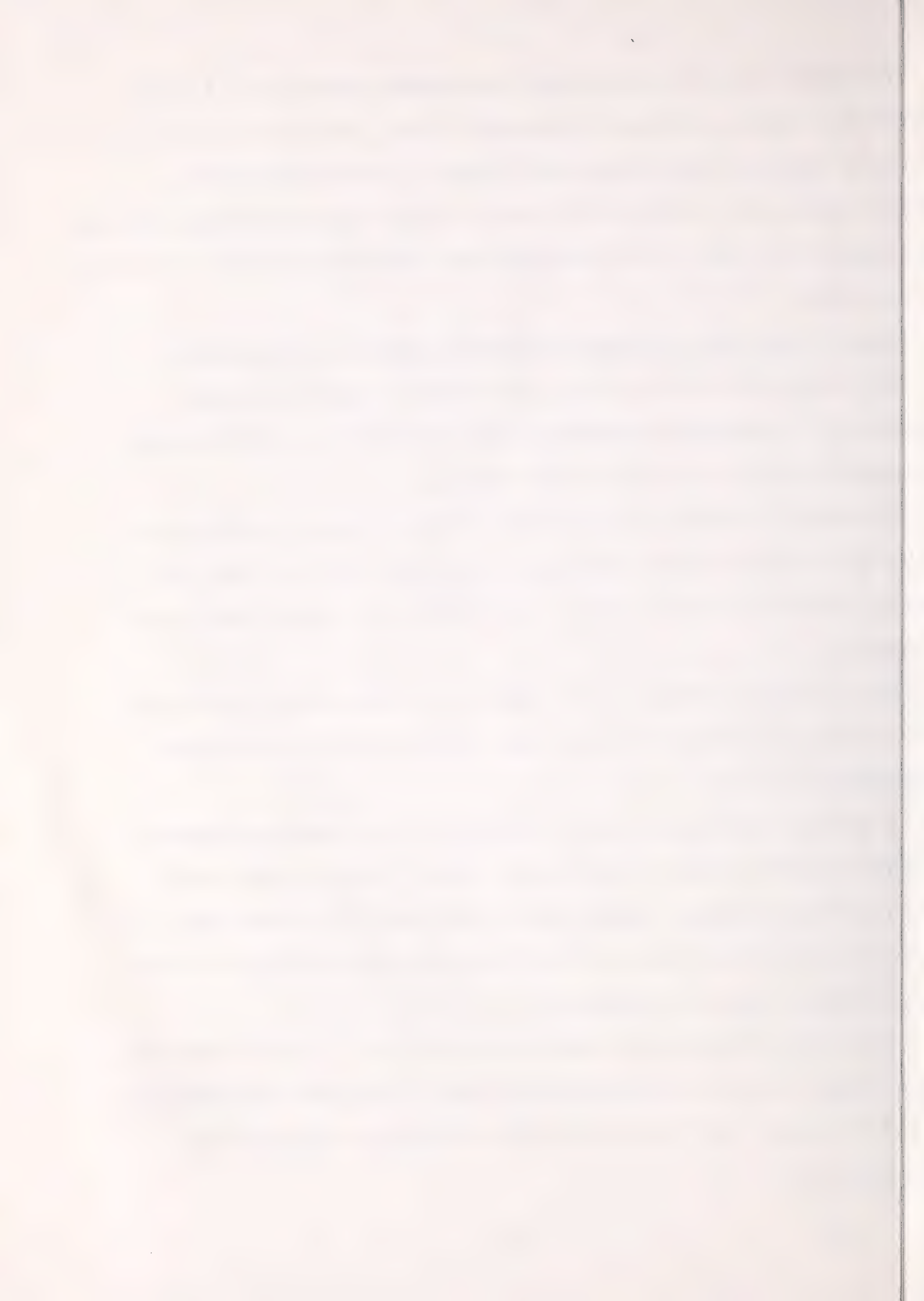
You, better than any other group, are capable of picking this ripe opportunity. A substantial percentage of our fresh citrus is still consumed by a relatively small percentage of our families.

Considering the quality and nutritional value of Sunkist products, as well as your sound and popular practice of not artificially coloring your product, you should be able to move in aggressively to increase fresh citrus consumption.

There is a great untapped market potential in this country, especially among people in the middle and lower income levels who do not eat as much fresh citrus as others.

No doubt you can find new ways to capitalize on the American consumer's constantly expanding demand for convenience foods. I know you have been working in that direction. Perhaps you can find a way to increase fresh citrus sales among people who love fresh citrus but who just do not like to peel an orange or cut out a grapefruit.

There must be other ways to expand your market too. I am sure that the citrus industry still has not probed every corner of its marketing imagination. I am not the expert, but I am sure you have not yet even approached the saturation point.



Then there is the foreign market for your product--"Sunkist" around the world.

You have already made substantial progress on this front. After all, California is the Nation's first ranking fruit export State, with \$236.5 million in exports last year. That was more than 50 percent of total United States fruit exports, which have been increasing remarkably in the 1970's.

Fruits are by far California's top export commodity--nearly two and one-half times greater than second and third ranked cotton and rice, and nearly three times more than fourth and fifth ranked nuts and vegetables.

The growth in your fresh citrus exports has been exceptionally good. Canada, of course, continues to be a big buyer. Your growth to Japan, Hong Kong, the European Community, and even to New Zealand has been good news.

United States exports of lemons and limes have increased substantially from 246 million pounds in Fiscal Year 1969 to 438 million pounds in Fiscal Year 1973--a steady increase of from 19 percent to 25 percent of total production.

The most phenomenal increase in fresh citrus exports has come in grapefruit. Fresh grapefruit exports for Fiscal Years 1972 and 1973 were nearly double the 1971 total. Chiefly responsible for that increase was the lifting of import quotas on grapefruit, and lemons as well, by Japan. Japanese imports of fresh grapefruit from the United States increased from 130,000 boxes to 2.4 million boxes in Fiscal Year 1972 alone, and they continue to increase.

We were almost frozen out of the Japanese market until that time--and we still have very low quotas on oranges. Sunkist cooperated closely with the Federal Government in effectively getting those quotas lifted. Hopefully, continued cooperation can achieve similar progress for oranges.



There are other opportunities, too, for export expansion. When you break down the consumption pattern in import countries, there is tremendous potential that dwarfs into insignificance the untapped market potential areas in the United States. Many of these nations are noted for eating fresh fruit. That gives you an opportunity to cultivate their specific tastes and develop preferences for fresh citrus.

This offers even more of an opportunity as levels of income rise worldwide, as purchasing power grows in the potential buying countries, and as trade increases.

You can reach these people--through education, through promotion, through effective merchandising. This can be your greatest growth area as levels of affluence grow relatively faster in nations abroad than they do in the United States.

You face tough competition, however. Israel, Spain, and Morocco are three examples. I was in Israel not long ago, representing President Nixon at the funeral of former Israeli Prime Minister, David Ben-Gurion. While there, I saw some very high quality citrus.

Israel has developed and is aggressively pursuing a fresh citrus market in Europe. The trademark "Jaffa" is widely known. It is the top label for citrus from Israel. It means the same thing there that "Sunkist" does in the United States, and when the consumer spies it, he expects it to be good.

Other citrus-producing nations are also developing a brand preference in important potential markets of the world.

America, too, is staking out our claims on those markets. You are driving the stakes yourselves.



Success in staking out these markets involves much more than promotion--
you are well aware that it involves the very complicated and sensitive matter
of trade negotiations.

That subject heavily involves educating some people within your own Government about those aspects of trade negotiations that affect you--and how negotiations can be conducted to maximize your access to world markets.

You must continue to be alert. Your work in this regard has been especially effective, and you realize that you must continue to get preferential barriers and similar constraints removed.

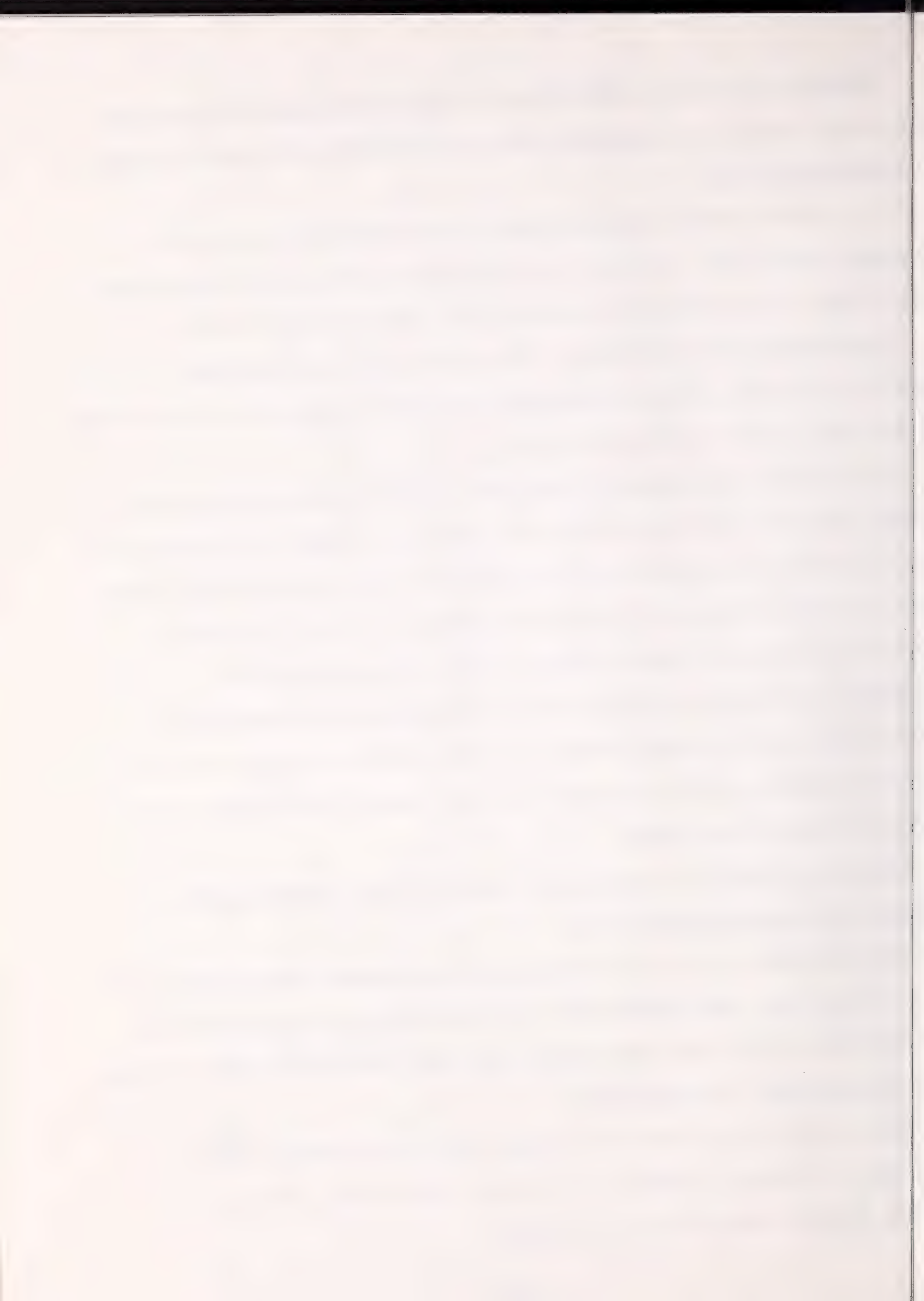
In California and Arizona you have such a natural advantage in growing quality citrus that the export market is bound to be a great growth area for you. If you are really committed to the future of this industry, every citrus grower and every exchange will support the efforts of Sunkist to stake out your claims in the export markets before fences grow up around them.

Beyond the specific market questions which relate to California and Arizona citrus are two general issues which will or could affect Sunkist and the citrus industry, and on which your continued support and influence would be most helpful and appreciated.

Restrictive controls on agricultural exports--of all kinds--lay the
groundwork for agricultural disaster.

Export controls would not do anything to ease consumer concern about food prices over the long run--because export controls would necessarily cut total food production volume which would increase per unit costs and in turn increase, rather than decrease, consumer prices.

Export controls would hurt the strength of the dollar--which would contribute to inflation and thus limit consumer buying power, cutting into potential domestic expansion of your markets.



Export controls lessen our ability to import oil--which would harm the economy and could further curb your market potential.

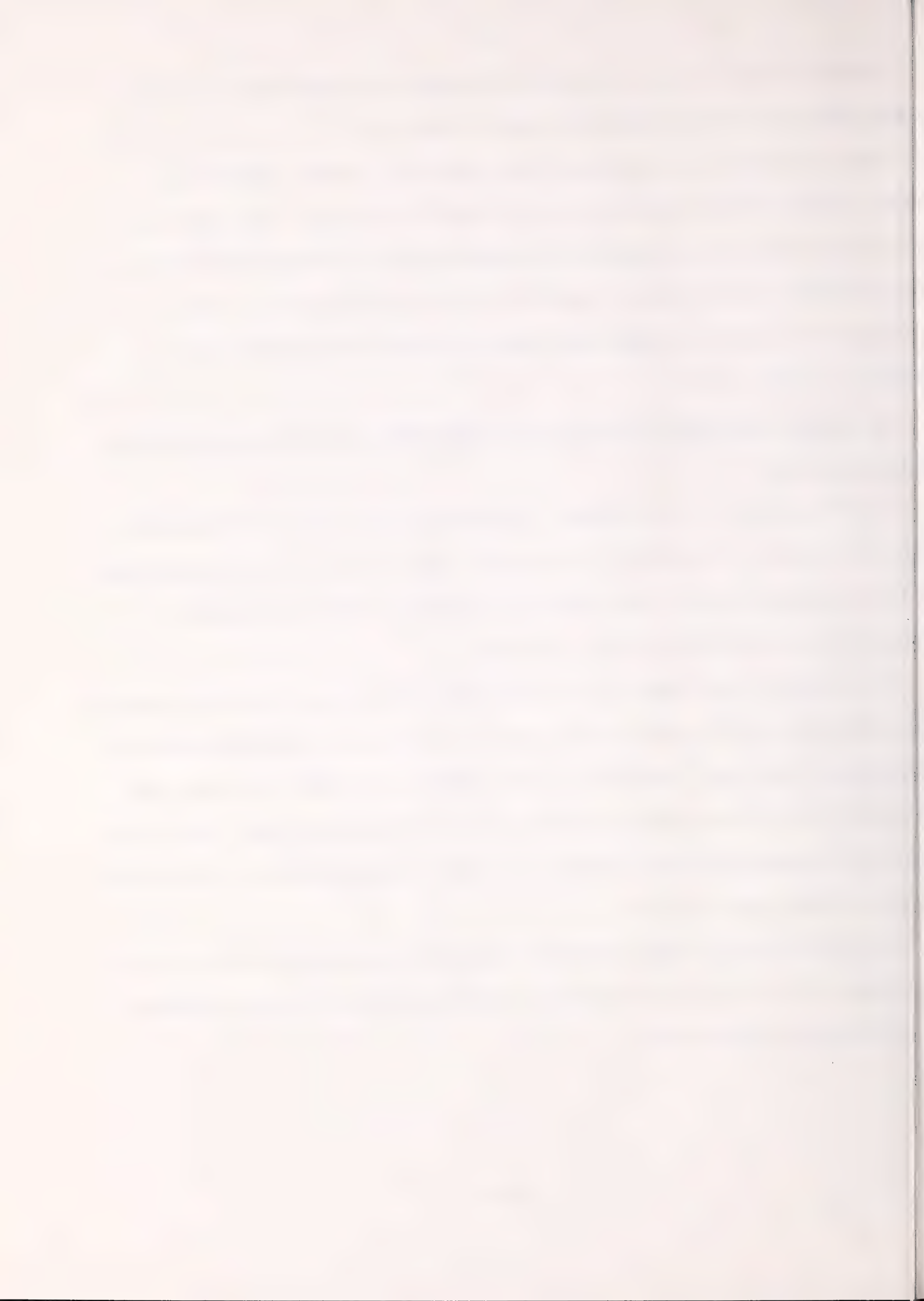
Export controls, even temporary ones and even in other commodities, destroy American trade credibility among importing nations. That could eat into current export markets and badly constrain all of American agriculture, and your efforts especially, in expanding agricultural exports to take advantage of the fact that American farmers are the most efficient and productive in the world.

It is also important to you that the Government stop messing around with the market system.

If 1973 yielded no other domestic triumph for this nation, at least one lesson was clearly, if painfully, re-learned: There is no effective substitute for the normal movement of market prices to stimulate and then allocate production in an incentive economy like ours.

We learned the hard way in 1973 that price controls lead to short supplies. Meat price controls, followed by food price controls, discouraged production--and everybody suffered. Fertilizer price controls, extended for longer than reasonable, let the international market siphon off supplies until fertilizer supplies for domestic use may now be short--and in the end, again, all involved may suffer from those controls.

Part of our energy supply problems today stem from policies and shackles which kept fuel prices below equilibrium levels--and we all are now suffering in part from the consequences.



Most serious of all is the fact that the heavy hand of Government, hovering over the marketplace, creates greater uncertainty among producers than any other market factor. There are scientific ways to predict with reasonable accuracy and certainty what markets will be when normal forces are at work. There is no way to predict decisions which politicians will make. The citrus industry, and all of agriculture, must continue to pursue an end to unwise Government interference in market pricing.

Sunkist has been a self-help organization. You have not depended on the Federal Government to bail you out or to carry your load.

You have supported Government programs which facilitate your own self-help efforts--such as the existing Federal marketing orders in valencia oranges, navals, grapefruit, and lemons.

Sunkist has insisted on the continuation of these citrus marketing orders--programs of cooperative effort between the citrus industry and the Department of Agriculture which have been successful and generally accepted as constructive by all parties involved, and which are self-financing in such a way that they are not a cost to the Government.

At the same time, however, you recognize when Government involvement does go too far, and you have consistently opposed heavy Government involvement in private sector activity in agriculture.

If you continue to pursue that course, and aggressively challenge those who would control exports and manipulate prices, then nothing should limit your own ability to capture for Arizona and California citrus producers even greater markets for your products in this nation and abroad.

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PRODUCE, PROFITS, AND PITFALLS

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"We're rushing headlong into depression!"..."Gross unemployment stares us in the face!"..."We're going to run out of energy!"..."The dollar won't buy anything anymore!"..."America is coming apart at the seams!"

The above headlines could have been written for any one of a half dozen articles that you read in the last week--or for any one of a half dozen scare commentaries you have heard in recent days.

Not one of them would be true.

Society always has its share of calamity howlers, criers of despair, perennial pessimists, and foretellers of doom.

Fortunately, throughout our nearly two centuries as a nation these people have been in the minority, and they have been wrong.

Unfortunately, throughout our entire history--as today--the din of their voices often rises above the solid substance of progress and accomplishment that has undergirded this nation and still serves it well today.

America is basically a healthy nation, a vigorous nation, a growing nation, a productive nation, a high-income level nation, a high-consuming nation.

The American economy is healthy at the core. In the year just past new records were set in automobile manufacturing, in employment, in wage levels, in personal income, in personal consumption, in dividend payments, in savings deposits, in color TV sales, and in a host of other measures symbolic of our high level of living in America.

Address by Secretary of Agriculture Earl L. Butz to the Annual Convention of the United Fresh Fruit and Vegetable Association, New Orleans, Louisiana, February 4, 1974, 1:00 p.m., CDT.

Yet, this GOOD news seldom makes the headlines. The inordinate amount of attention which has been given in the past year to the incredibly stupid actions of a few overzealous politicians has distracted public attention from the tremendous record of GOOD which was written in 1973 by literally tens of millions of ordinary, hard-working American men and women.

That record of GOOD continues to be written in 1974--and it will be written even better in 1975 and 1976. That GOOD is the history of America. That GOOD is the substance of America. That GOOD is the future of America.

As long as this record of GOOD is written, our people will continue to live better--measured in terms of physical things, as well as in terms of overall satisfaction with our way of life.

Historically, living better has meant eating better.

As incomes improve, diets improve. In practical terms, eating better usually means eating more high-quality fruits and vegetables. It means buying fresh fruits and vegetables year round.

Total fresh fruit consumption remains strong, and total fresh vegetable consumption continues to increase. It is true that per capita consumption of fresh fruits and vegetables has declined slightly in recent years, primarily as a result of the phenomenal advances of frozen and processed fruits and vegetables. That change is only natural as the housewife has come to afford and has grown to enjoy all the maid service which can so easily be packaged into processed produce.

Yet, there continues to be a strong, growing, and discriminating total market for fresh produce. Your challenge is to serve that market with high-quality produce, competitively priced, and attractively merchandised.

Pricing is important in the merchandising of any product.

It is perhaps more critical in the produce business than in any other segment of the food industry.

Prices for some fresh fruits and vegetables are highly volatile. Harvest and supply patterns are heavily influenced by weather. Slight weather changes may significantly affect production and accelerate or delay market shipments.

For example, a good mixture of rainfall and sunlight may increase yields and hasten maturity--resulting in temporary heavy supplies and a downward adjustment in prices. Too much or too little rain, freezing temperatures, or a violent storm can reduce production and tighten supplies. Then supplies will run short, and prices will move upward.

Fresh produce supplies tend to be erratic over the short term, and thus so are prices. Prices in the produce industry, more than in some others, work very effectively to signal market demand back to producers and to move existing supplies, be they abundant or short, through the channels of trade. Prices encourage extra consumption in times of great supply and ration available produce among potential buyers in times of short supply.

Let's get down to the bare bones purpose of prices from your standpoint. Prices tell you how much--if any--profit you can expect from any crop you plant and harvest or move through the complicated marketing channels for fresh produce.

A profit is nothing more than covering your costs and having a decent return for your work and investment. Isn't it strange that the word "profit" is demeaned in some circles. They seem to regard "profit" as an unnecessary thing, an unearned benefit, or something that is extracted out of somebody else's hide. Yet profit is a decent return for performing services or producing a product that other people want--because if they don't want it, you certainly aren't going to make a profit at it.

Profit is the lifeblood of our economic society and our incentive system.

It makes the wheels turn in our everyday life. We must never be ashamed of profit--making a decent return for our work and investment.

You are all in business to make a profit. We must never diminish its vital importance as we work to get across to the American public the economic facts of life in the food business.

The goal is profit--and the measure of profit potential, and the signal for production, is price. That critical price signal must function if consumers are to have the food they want and need.

Consumers do not always appreciate the function of substantial price changes. You often get intense adverse consumer reaction when rapid price increases occur. Last year in particular, this reaction became so vigorous that government was led to manipulate prices. Price ceilings were imposed on broad classes of food products. The result: Additional production was discouraged.

The inevitable consequence of this action was that we got even higher prices later in the season and this season. Why? Because of short supplies, which was the response to the manipulated price signal. The price mechanism was prevented from signaling for increased production.

The lesson is clear: Both producers AND consumers will be best served when the competitive market is free to send price signals back to producers.

Consumers are interested in an ample supply of produce, available when they want it and at reasonable prices. You get that when the price system is allowed to work, sending signals to producers to "get cracking" to produce more--not less.

We have had many illustrations in the last year in which artificial price constraints sent the wrong signal back to producers. The result was that the very program that consumers hoped would serve them worked against them.

Pressures to have the government control prices will always be present. Consumers buy food--especially produce--several times a week, and a great number of them instinctively feel that "food is overpriced." They would feel this way if food prices were 20 percent lower than now. Therefore, in this political nation of ours, we always face the potential "pitfall" that consumer pressures against food prices will result in unwise price control actions that send the wrong signal back to producers.

A year ago we all learned the lesson that such a system of price controls does not work. The difficulty is that it seems we must re-learn this economic lesson every generation--and, in the Congress, every generation is two years. Therefore, we must re-learn this lesson at least biennially.

The American food industry is far and away the most efficient and productive sector of the American economy. It is that way because the food market has been relatively free from governmental constraints, and it has been incentive-oriented. It is in the interest of every American--producer and consumer--to keep it that way.

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Advance for Release at 6:30 A.M. EDT, Monday, Feb. 4, 1974

THE CULTURE

THE CULTURE

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MID-AMERICA--BREADBASKET OF THE WORLD

Food is a prime topic of conversation today, anyplace you go in the world.

Here in the United States, the American housewife is concerned about feeding her family as reasonably as possible. Recent scare headlines have made her wonder if there'll be any bread on the shelf when she goes to the store.

Some alarmists go so far as to say that due to shortages, they haven't been able to eat meat for the last year.

As you know, both of these fears are unfounded. Yet, the White House and the Congress are bombarded daily with requests to shut off shipments of American agricultural products to the rest of the world.

Around the world, discussions about food center on both price and availability. For many people in the world, availability is far more important than price. Increasingly, students of current affairs are dusting off the writings of the Reverend Thomas R. Malthus of a century and a half ago. In the theory that bears his name, Malthus said population, when unchecked, increases in a geometrical ratio. Food production only increases in an arithmetical ratio.

Some people today think Malthus may not have been so far off base, at that. He was just ahead of the times. There is some basis for that apprehension.

It is appropriate for us, here in the middle of the breadbasket of the world, to assess our capacity to feed growing millions in this country and to help feed growing billions beyond our shores.

Address by Secretary of Agriculture Earl L. Butz before the FAR-MAR-CO Annual Meeting at the Hotel Muehlebach, Kansas City, Missouri, February 5, 1974, 11:00 a.m.

Americans are uniquely blessed.

The Lord gave America a unique resource in her agricultural plant.

American agriculture, covering our 50 States, is so diverse, so geographically extended, so favorably situated climatically, so well capitalized, so scientific, so manned by competent farmers that a crop failure of any substantial magnitude in our country is virtually impossible.

In our Cornbelt and Great Plains area--within a 600 mile radius from Kansas City--we have the world's largest contiguous land mass of fertile soil, favorable topography, adequate rainfall, good growing climate, scientifically-equipped farms, and high-management capacity farmers. You can travel wherever you want to and you will not find this combination duplicated anyplace on the face of the earth.

In that sense, you are right in the middle of the most vital spot in the world. This highly productive area is home to most of you. So you know that as farmers you can produce--better than anyone else. Your organization owns 43 percent of the Farmers Export Company of Ama, Louisiana. So you are world oriented. You know that if you don't export, your income suffers.

Last year, the eight States in which you operate accounted for \$951 million worth of wheat exports--20 percent of the U. S. total wheat sales abroad. They produced one-third of total U. S. feed grain exports, a fourth of the soybeans, nearly a fourth of the meat exports, about 23 percent of hides and skins and 11 percent of dairy exports.

The value of all agricultural exports from these eight States last year was \$3.6 billion, or 28 percent of the total U. S. agricultural exports valued at \$12.8 billion.

The Cornbelt and Great Plains States, in fiscal 1973, accounted for more than 45 percent of all agricultural export value--nearly \$6 billion worth.

U. S. farmers fill the nation's breadbasket to overflowing year after year. The spillover not only means additional income for themselves, through exports, it also benefits other sectors of the economy.

For every \$1 increase in the exports of feed grains, wheat, rice, and oilseeds, an additional 90 cents is generated in other parts of the economy, such as for transportation, storage, handling, and marketing.

Investments in agribusiness also generate income. In fiscal 1973, on a gross basis, agricultural exports generated an estimated \$28.8 billion. Of this, only \$11.7 billion occurred in the farm sector. In other words, 60 percent of gross domestic earnings related to agricultural exports was nonfarm income. Food processing alone received more than \$4.8 billion. Transportation and warehousing received \$1.7 billion, and wholesaling and retailing received \$1.8 billion.

More than 450,000 nonfarm jobs were directly or indirectly related to the assembling, processing, and distributing of agricultural commodities for export.

We don't have firm figures for all of the out-of-pocket production costs for 1973, but the trend line moves up steadily. For example, in 1972, farmers bought \$3.9 billion worth of fertilizer, pesticides, and pharmaceuticals--up from \$3.7 in 1971. The Bureau of Labor Statistics estimates that exports generated employment for 6,000 chemical industry workers.

Farmers spent \$1.8 billion for gasoline, diesel and other petroleum products in 1972. The production, processing and assembly of agricultural exports in fiscal 1973 required \$458 million worth of petroleum products--about 2.6 billion gallons of gasoline and 1.3 billion of diesel oil.

Railroads, individual shippers, and car companies are buying covered hopper cars to add to the nation's rolling stock. Orders have jumped five-fold, from 3,300 orders in fiscal 1972 to more than 15,000 in fiscal 1973.

One of the most spectacular contributions of agricultural exports to the national economy shows up in our first favorable balance of trade since 1970.

The 1973 agricultural trade surplus of \$9.3 billion wiped out a deficit of \$7.6 billion in non-agricultural trade, leaving the nation with an overall trade surplus of \$1.7 billion. This record favorable balance offsets a national trade balance deficit of nearly \$6.4 billion from 1972.

Farm exports were a key factor in stabilizing the dollar, in strengthening our international trade posture, and in helping pay for much needed oil and consumer goods that help all Americans live better and more comfortably.

Farm exports benefit all taxpayers by reducing treasury payments for domestic farm programs. Overseas markets could never have been satisfied under rigid, restrictive programs that held down production. This Administration, working with the Congress, has hammered out a new philosophy of farm programs that is keyed to the pull of the marketplace. U. S. farmers

now are able to announce to the world that they are reliable suppliers of agricultural commodities on a competitive basis with the producers of other nations. The new program direction also is cutting the cost of farm programs dramatically--good news for taxpayers. In fiscal 1973, direct Government payments to farmers totaled \$3.9 billion. In Fiscal 1974, they were reduced to \$2.5 billion. In fiscal 1975 they will be only \$461 million--less than half a billion dollars. These direct payments include conservation cost-sharing, sugar, wool, and other programs. The major commodity programs, those for wheat, cotton and feed grains, show an even more spectacular reduction in direct payments to farmers--dropping from \$3.5 billion in 1973, down to \$2.3 billion in 1974, and only \$179 million in 1975.

At the same time, net farm income climbed steadily as farmers took more profit from the marketplace and less from the Federal treasury. Net farm income rose from \$16.9 billion in calendar 1971 to \$25 billion in 1973.

This turnaround in farm program philosophy has also resulted in reduced costs of storage and handling of commodities owned by the Commodity Credit Corporation. Farmers have been encouraged to keep title to and store their own commodities. FAR-MAR-CO, and other marketing cooperatives, have done an outstanding, enviable job of helping farmers increase their income through improved and coordinated handling, transporting and marketing of grain and oilseeds.

These illustrations and statistics only partially describe the vital importance of America's breadbasket--this mid-America circle centered on Kansas City--to her own people and to the growing world population.

Farmers in this area produce 80 percent of the nation's cattle, 89 percent of the hogs, 78 percent of the wheat, 90 percent of the corn,

93 percent of the grain sorghum, and 89 percent of the soybeans. While it is obviously impossible for this area, or the United States, to feed the world, exports from this area have gone a long way toward alleviating hunger in many, many parts of the world. Our farm exports have gone a long way toward increasing levels of living in both the developing nations and the developed nations such as Japan and Western Europe.

Kansas alone exported \$470 million worth of wheat and flour in fiscal 1973. Iowa exported \$364 million of feed grain and more than \$388 million of soybeans. Other States served by FAR-MAR-CO were among the top 10 States in farm exports.

In the long run, it will be the world that feeds the world. But some of the important nations of the world obviously are going to continue to need food and feed supplied from outside their own country. Their need is the American farmers' opportunity.

Japan, for example, has a population of 107 million people crowded onto a 2,000 mile long archipelago containing 140,000 square miles, of which about four-fifths is hills and mountains. The Japanese must trade to live. We have developed a very healthy trade with them--and it is advantageous to both of us.

Many of you came here today in imported automobiles--paid for with mid-American soybeans and wheat and corn.

Many of you wear suits made of imported fabrics--paid for with mid-American soybeans and wheat and corn.

Many of you have Japanese-made recorders or television sets in your homes--paid for with American soybeans and wheat and corn.

Many of you wear shoes made in Spain or Italy--paid for the same way, with American agricultural products.

All of us are energy users. The \$9.3 billion surplus in farm trade will buy a lot of oil.

We are determined to provide the kind of farm programs which leave individual farmers free to decide for themselves what to grow and when to sell. We will help you by giving you access to all available facts about weather, markets, grower intentions--and we will promote foreign markets and help in other ways to create conditions where you can earn good incomes. Net income is the name of the game.

Currently we are exporting about three-fourths of U. S. wheat production, two-thirds of our rice, about half of our soybeans and cattle hides, about two-fifths of cotton and tobacco, and about a fourth of our feed grains.

We have encouraged farmers to expand production to take advantage of expanding opportunities. U. S. cropland in production increased 25 million acres in 1973. Farmers' early declarations indicate a further expansion of 16.5 million acres in 1974.

We are looking ahead to a 1974 wheat crop in excess of 2 billion bushels, a total corn crop in excess of 6 billion bushels, and a 1.5 billion bushel soybean crop.

These figures alone indicate that our potential exports in the year ahead will exceed the \$17.7 billion of last year.

This breadbasket area will be a substantial factor in maintaining the value of the dollar abroad.

Exports from this area will help us pay for the things we choose to buy from foreign producers. Your agricultural production will help establish our nation as a dependable source of supply for food and other products, so that when President Nixon and Secretary of State Kissinger sit down at the council tables of the world they will truly hold the high cards in international negotiations.

All America should be grateful that we have this cornucopia in the center of our great nation.

The world, also, should be grateful.

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Advance for Release at 6:30 A.M. EDT, Tuesday, Feb. 5, 1974



AMERICAN AGRICULTURE WILL RISE TO THE CHALLENGE

We live in an age of scare headlines--"No Meat On The Counter" ... "No Raisins Available" ... "No Toilet Paper At The Store" ... "One Dollar Bread Threatened" ... "No Gas Today."

Many of these scare headlines raise a number of legitimate questions for American agriculture. Can we produce enough meat for the American people? Will we run out of wheat?

Have we exhausted our capacity to increase production? Can we meet the food needs of nearly two million more people each year in this country? Can we help meet the feed and food demand that stems from the annual 80 million net addition to world population?

Will we have enough food and fiber to meet our overseas trade commitments? Will we be forced to abandon our long-time program of rushing food aid to areas of the world where disasters strike?

It is time to take a hard look at the production potential of American agriculture.

Our track record over the past 25 years merits a brief review. Increased agricultural production since the end of World War II has indeed been phenomenal. Let us go back 25 years to 1948 and measure our progress.

We have substantially increased feed grain production since 1948--corn production has increased by 55 percent, and sorghum production has increased by 600 percent.

Address by Secretary of Agriculture Earl L. Butz to the Agricultural Seminar sponsored by the Governor's Council on Agriculture, Louisville, Kentucky, February 13, 1974, 12:00 noon, CDT.

We have increased wheat production by roughly one-third, and rice production is nearly two-and-one-half times the 1948 level.

Peanut production has increased nearly 50 percent--while soybean production is a whopping seven times what it was 25 years ago.

Commercial vegetable production has increased more than one-fourth, and fruit production is up by more than one-third.

Beef production is two-and-one-half times the 1948 level, pork production is up by more than one-quarter, and total red meat production is up more than two-thirds.

We are producing more than 25 percent more eggs, five times more turkey meat, and nine times more broiler meat than we were 25 years ago.

Not only are we producing more total food, but we are also producing more food per capita--and better food too. We are enabling our people to increase the protein content of their diets. Protein available per person per day has increased nearly eight percent since 1948--from 94 grams to 101 grams. It is increasingly better quality protein too--with more of it coming from red meat and poultry and less from beans and cereal products.

This farm production feat has been accomplished with nearly 15 million fewer farm people than in 1948. That is a reduction of more than 60 percent.

In 1948, each farm worker fed fewer than 15 people in the United States and abroad; in 1973 one farm worker fed about 55 people--more than three-and-two-thirds times as many as 25 years ago.

This farm production feat was also accomplished on less land than 25 years ago--as subdivisions, industrial parks, schools, highways, airports, municipal facilities, and strip mines have taken acre after acre of farmland out of production.

Greater farm production has been achieved over the past 25 years by the application of science, of technology, of capital, and of Yankee ingenuity. There is no reason to believe that we have suddenly run out of the ingredients which made possible these remarkable production increases.

There is no reason to think that we have suddenly plateaued on ingenuity, on research, on science.

The gigantic 25-year increase in red meat production has been symbolic of farmers' progress in keeping pace with the increasingly sophisticated tastes of our consumers. The American people will continue their hearty and growing appetite for red meat.

United States beef consumption is predicted to increase from 109 pounds in 1973 to 140 pounds per person per year by 1985--and total red meat consumption should increase from 178 pounds in 1973 to 210 pounds. The American livestock producer will find a way to meet that kind of production demand.

There is no reason to believe that we cannot achieve efficiencies in the production of red meat in the same direction, if not in the same magnitude, as we have in the poultry industry--where only two pounds of feed are now required to produce each pound of meat, compared to about four or five pounds for pork and about seven pounds for beef.

There is no reason to believe that we have exhausted our capacity to increase efficiency in the utilization of water--which is the limiting factor of production in the peripheral areas of the Great Plains and in the intermountain region.

There is no reason to believe that our geneticists--even with the marvelous track record behind them--have concluded that there is nothing more to discover to increase farm productivity through breeding.

The Department of Agriculture has very carefully appraised the production potential for American agriculture in the years ahead. Clearly, American agriculture can provide food for all of us at home and for a growing world trade as well.

The most likely means for increasing American crop production in the next 10 to 15 years is through higher crop yields per acre.

Some of our best farmers are already pointing the way. They are routinely getting yields on their acreage of 50 percent or more higher than the national average.

For example, in 1972 the average corn yield per acre in the United States was 97 bushels. The average for the top 10 percent of the producers, however, was nearly 145 bushels--or 50 percent above the national average.

In the case of soybeans, the difference was even more dramatic. The national average yield for soybeans was 28 bushels per acre. Yet, the top producers obtained yields of nearly 45 bushels--nearly 60 percent above the national average.

In the case of winter wheat, the average yield was 34 bushels per acre on a national basis. The top 10 percent of the producers had an average of over 50 bushels. For cotton, the top producers obtained yields which were 80 to 85 percent above the national average.

While it is not reasonable to expect all producers to reach the average yield of the top tenth of our producers--their record does provide some measure of the potential which exists.

Considering the production potential in increased yields, Department of Agriculture scientists and forecasters can easily see a 9 billion bushel corn crop by 1985--compared with 5.6 billion bushels in 1973--and wheat and soybean crops of 2.3 billion bushels each--compared with 1.7 billion bushels of wheat and 1.6 billion bushels of soybeans in 1973.

Total feed grain production should easily top 300 million short tons in 1985--compared with a currently estimated 208 million tons for 1973.

These estimates could be conservative. While they do assume the application of newer and more intensive technology--they do not take into account any dramatic scientific breakthroughs.

The development and widespread use of hybrid wheat, for example, could push wheat yields well above the levels now projected. If means were found to dramatically increase soybean yields--soybean production increases would also be much greater.

The potential is clearly there--but it must be tapped and developed. That will take sound and intensive research throughout the research cycle--from the most basic primary research through that necessary testing and retesting at the pre-market trial level.

Our agricultural scientists tell us that the backlog of science which undergirds agriculture has dwindled to a low level--and that such knowledge is the most expensive, the most difficult, and the slowest to achieve.

While government grain bins overflowed in years past, and while government costs to hold down farm production skyrocketed, it grew increasingly difficult to obtain public support for basic research in agriculture--at the Land Grant Colleges, at the State Universities, and through our own Agricultural Research Service.

That atmosphere has now changed. The government is no longer in the grain storage business--and we are determined that it shall not again be. This crop year we are not paying farmers to hold land out of production. The public mood has become increasingly attuned to our need to improve agriculture's ability to produce. I am confident that private and public research institutions in agriculture are ready to respond.

The projection of production which I just cited also implies fair incentive prices for farmers. The production potential of this nation and this nation's agriculture is astounding--if we keep our industry free to change, to adapt to market conditions, to respond to price and profit incentives, to invest, and to hope for a little profit.

Farmers make the investment they do, take the risks they do, work the hours they do, and keep on top of the technology of agriculture as they do for one basic reason--to make a profit so that their families can live a good life.

The profit potential in farming is reflected in prices. Farm prices tell a farmer whether or not each crop is an opportunity to make some money--and which crop alternatives are the best profit bets.

Farmers respond to prices. Strong crop prices in late 1972 and early 1973 were an effective incentive for farmers to produce record crops. If prices had not been allowed to increase to reflect growing demand, then increased production clearly would not have come forth as it did.

Price controls on food imposed last summer did distort food production. Meat supplies in particular were affected--in fact meat supplies are shorter today, and prices are higher, than would have been the case if the price system had been allowed to function.

Price controls on farm products are clearly counterproductive, chiefly for this reason: Price controls kill the incentive to produce more.

It is in the interest of the farmer and the American people to let the market function so that incentive can work. That is true in the longer run--between now and 1985--and also in the shorter run--during the next few months.

Recent concern about this nation's wheat supply is a perfect example of the short run wisdom of market incentive.

If our markets are kept open, and if they are allowed to function, there will be no shortage of flour in the United States. Unshackled prices, and freely moving trade, will facilitate a transition from 1973 crop wheat to 1974 crop wheat without any disastrous run-up in price in the United States.

The only thing that could abort such a prospect would be if too many of the wrong levers were pulled by government. We are determined to keep that from happening--and the lesson of letting markets function should be clear to the American people.

The productive capacity of American agriculture will clearly enable us to meet much of the growing world demand for what we produce. Farm exports, in calendar year 1973 alone, grew from \$9.4 billion to \$17.7 billion--an increase of \$8.3 billion.

The overseas market will continue to grow--and it will continue to be in the interest of the nation for us to serve it. American farm products are the main currency we use to buy the items which Americans purchase from abroad.

The positive balance of American agricultural exports over agricultural imports in 1973 was \$9.3 billion--exactly the amount which our oil imports cost in 1973.

Oil costs will probably increase substantially in 1974--and agriculture is the best source of growth in foreign exchange to offset that increase and maintain the stability of the dollar.

American agriculture has the capacity to do its part in meeting that challenge.

The United States will most surely continue its leadership role in providing food aid for the needy and the disaster-stricken of the world.

Our record in that regard is phenomenal. We have provided disaster food security through Public Law 480 in the amount of nearly \$25 billion in food aid since 1954. We have met this need in times of short supplies--nearly \$900 million in this fiscal year.

America can never be expected to handle by itself the food relief needs of the world. We favor, and we are working to support, a multi-national approach to international food relief. But America Will Always Do Her Share.

American agriculture most certainly has the capacity to produce enough food so that the United States can do its share to relieve hunger around the world.

There is no way, in the remainder of this century, that America will be short of basic foods. On top of that, the only way to impede the American agricultural plant from producing fully for a healthy export market--over and beyond supplying a growing domestic one--is to cripple the capacity of our farmers and our whole agricultural infrastructure to respond to the market directives and profit incentives inherent in a market-oriented agriculture.

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USDA 393-74

Advance for Release at 6:30 A.M. EDT, Wednesday, Feb. 13, 1974

DEPT. OF AGRICULTURE





FULL PRODUCTION WITH CONSERVATION

We're in a new ball game in agriculture.

After nearly half a century of chronic surpluses, we now face the need for all-out production.

Our agricultural policy has changed directions. Today we have turned 180 degrees from where we were headed only a few years ago.

For decades, our official farm policy was based on the philosophy of restrictions, of cutbacks, of allotments and quotas.

During those years it was easy to sell a national philosophy of conservation. Conservation farming, grass farming, and retirement of marginal areas into less exploitive uses were popular with the public. With Federal incentives of cost sharing and technical assistance in an era of surplus production, they were also popular with farmers.

The public, Congress, consumers and foreign buyers of agricultural commodities accepted this philosophy, even when it meant retiring substantial areas of cropland from production, whether on an annual basis or for a longer term. Very few were concerned about inadequate supplies of food, or even about the price of food.

Now the situation has changed.

Food prices make headlines today--both at home and abroad.

Scare headlines of about \$1 per loaf bread and fears of shortage recur to haunt millions of people.

Humanitarians wonder aloud, and in print, about the ability of the United States to move in promptly--as we've always done in the past--to

Address by Secretary of Agriculture Earl L. Butz at the Annual Convention of the National Association of Conservation Districts in Houston, Texas on February 13, 1974.

meet disaster situations when they arise around the world.

Part of their fear is based on their preoccupation and attachment to the old ways, and their reluctance, or inability, to adapt to new conditions and opportunities in the world today. They look at the United States and all they see is an empty larder. The surpluses which were costly to the American taxpayers, and price-depressing to farm income, are no longer locked up in Government warehouses.

A growing number of people, including many politicians, are asking if maybe we have gone overboard in conservation. They look askance at vast acreages which have been set aside for conservation purposes, not only for parks and open space, but sometimes to control agricultural production, often at considerable public expense. These concerned individuals and groups rightly raise the question whether the Federal Government should be involved in programs of this kind.

Two points should be made in this respect. One is that there is no conflict between conservation and increasing production. The other is that removing legal restrictions to planting does not automatically mean that every acre will be cropped. Sometimes expansion requires sizeable additional investments in equipment, hiring of additional labor, or other production inputs not immediately available. Add to this the inborn reluctance of many farmers to jump into a new situation, and it is unlikely that every available acre will be immediately planted.

The latest numbers look like this: Additional acres available for 1974 production include 17 million acres of 1973 set-aside--plus another 19 million acres freed up for 1973 production, but not planted to crops. Also, there are about half a million more acres of long-term cropland adjustment program land in conservation uses that may be released from contract and could go into crops next year.

Based on the early planting intentions report, we will have about 16 million more acres planted to major crops in 1974. Of the 62 million acres of land diverted in 1972, only about 60 percent will be planted in 1974.

Now I'd like to go back to the point of conserving our soil resources in a period of increasing production.

Let me state categorically that there should be no conflict between full production and sound conservation.

We may have developed what some people call "a cult of conservationists" in this country over the past several decades. Admittedly there have been excesses here and there, in isolated situations, in the name of conservation. But every true conservationist, as well as every true economist, knows that sound conservation and full production go hand-in-hand. They are complementary. One serves the other.

We are fortunate in our current need for full production that American farmers have followed good conservation practices in past years. Our agricultural plant is ready to respond fully to the need of the times. It will respond even more fully in the years ahead if we continue to farm with sound conservation as the baseline of our production methods.

This means putting each class of land to its highest use. If land is not suitable for heavy tillage, it should not be put to the plow. You may be able to mine such land, and take a short-term profit. But in the long run, the capacity to produce is dissipated, and our entire national economy is the poorer for it.

For some areas, grass is the highest use, yielding the greatest long-term benefits to the landowner and to society. For other areas, limited cultivation is indicated. In some areas, contour farming, strip cropping, and rotation planting are the conservation tools required to attain the highest use of farmland. For some areas, the highest use is continuous cropping. And for some areas, it is not cropping at all, but rather forestry or recreation which is the highest use.

We have made studies to watch for possible trouble spots in the months ahead. We have found areas which cause concern. The most serious is in the high plains area of western Texas and Oklahoma and eastern New Mexico, where unprotected land and a lack of rainfall have combined to cause wind erosion damage to hundreds of thousands of acres this winter. And USDA field offices throughout the country predict that nearly half of the additional cropland being brought back into production in 1974 will be subject to severe erosion from wind and water. This new cropland needs to be protected by adequate conservation measures as quickly as possible.

Our current program to "produce more, protect more" is specifically geared to help farmers and ranchers do just that. Department of Agriculture agencies and conservation districts are pledged to work together toward this end. It is an effort that is needed not only for this year, but for next year, and for the next generation, and for the one after that. We must encourage and support land use that maintains the quality and the productivity of America's agricultural lands.

The National Association of Conservation Districts and member associations face broad challenges to assume leadership in working for a better informed, enlightened electorate so that wise decisions can be made in land use planning.

You are working with a tremendous reservoir of public concern and good will. The recent PACER national survey shows that 43 percent of the people are afraid that we will have food shortages in 10 years; and 96 percent believe that land should be preserved for food production.

People also think that you can do the conservation job. More than half think that farmers are both more concerned about the environment than the average person and do more about it.

In every State, conservation districts have at their disposal information, inventories, plans, cooperative working relationships, and expertise dealing directly with the natural resources aspects of land use planning.

As subdivisions of State government, with legal responsibilities and authorities, conservation districts are generally in a better position than almost any other public or private group to assist individual farmers and local and State governments in developing and carrying out land use plans. You can help them get and use available soil survey information to assure wise decisions and allocation of land resources.

A concerned public looks to local conservation districts and USDA technicians to help farmers develop plans and install proper erosion control methods as a part of their normal farming operation. Again, consumers are increasingly aware that conservation and production are not incompatible. They go together.

The unprecedented consumer demand both at home and abroad for more food and fiber--especially grains and oilseeds and cotton--challenges our farmers to preserve, protect and improve their renewable natural resources of soil, water and woodland while they are responding to the lure of profits in the marketplace.

We must urge farmers to use modern soil-protecting tillage practices, such as minimum tillage or no-till, where possible. This will save fuel, too.

They should be encouraged to protect rangeland from overuse and use pasture management systems tailored to individual farm resources.

They should be encouraged to apply conservation techniques to irrigation practices, making sure that water drawdown will not seriously affect the water table.

They should be encouraged to leave land unsuitable for intensive use in grass or trees.

Farmers in specific areas of concern should be encouraged to tailor their individual farm plans to prevent erosion due to careless land use, such as has occurred in the past. For example, in the southeastern States, where soil is subject to gullying; in the Great Plains, where wind erosion is a constant problem; and in the Palouse region of the Northwest, where rill erosion threatens soil resources--in these regions, Soil Conservation Service field people will be vigilant to recommend farm plans that safeguard against a repeat of earlier tragedies.

America's farmers are the original conservationists. They are our best environmentalists. They are the custodians of the gifts of nature. They live close to the soil, and they love it. They live with the seasons--with the air, and water, and the biological processes. They understand and respect them.

Farmers are willing partners with conservation districts and with the Extension Service. They are willing users of techniques and programs that result in the fruitful marriage of production for profit and wise land use for posterity.

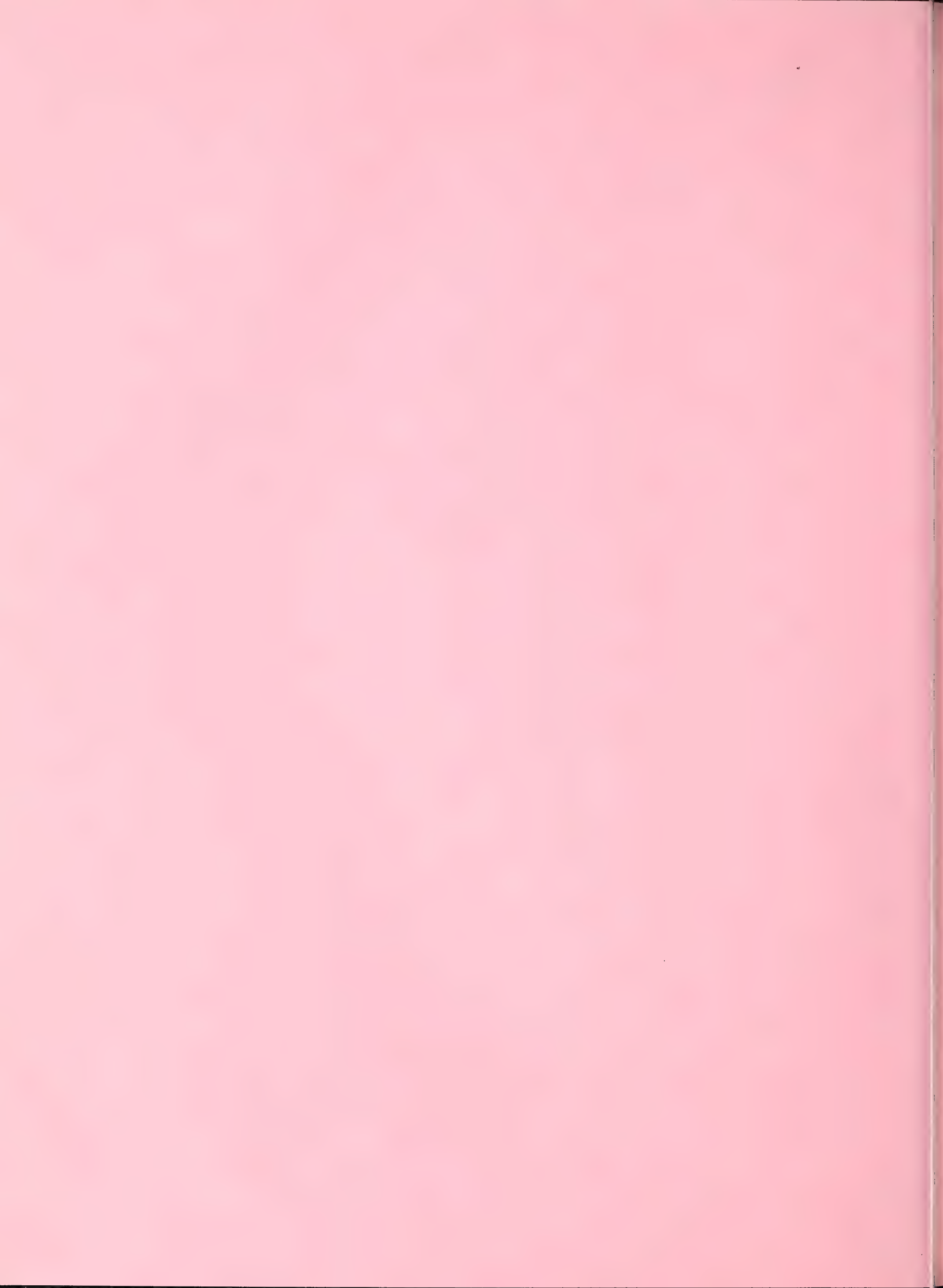
Every American should be invited to join this partnership. Together we can assure an adequate flow of food and fiber to meet the needs of a population growing both in numbers and in affluence--in a manner consistent with the prudent husbandry of the resources which make it possible, and which the Lord has entrusted to all of us.

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Advance for Release at 6:30 P.M. EDT, Wednesday, Feb. 13, 1974

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THE CARE AND FEEDING OF CATTLE, CONSUMERS, AND BUREAUCRATS

Cattle feeders are a tough breed. You have to be to survive. Yours is an industry confronted with something new every day--problems that try your mettle.

The strike of independent truckers which affected delivery of meat from slaughterhouse to market affected you. You didn't foresee it. There is little you could have done about it. You adjust to it.

Prolonged, severe weather hits. It affects the rate of gain on cattle in the feedlot. You adjust to it.

Consumers rebel because they think meat prices are too high. They organize boycotts. This signals that the market is shrinking. You adjust to it.

A little later, consumers see no meat available on the counter. Suddenly price is a secondary consideration--the primary consideration is to have the meat. You adjust to this signal also.

The cattle industry is subject to economic variables which you, as individual feeders, can't control.

Here in mid-February of 1974, the cattle industry is still in a period of adjustment, recovering from a highly unusual marketing year in 1973.

During the first part of 1973 the cattle feeding industry was profitable, but during the last quarter of the year some operators were reporting losses of from \$100 to \$150 a head on cattle they fed.

Address by Secretary of Agriculture Earl L. Butz before the 1974 Cattle Feeders Seminar, Oklahoma State University, Stillwater, Oklahoma, February 14, 1974, 3:00 p.m.

Feedlot operators were reluctant to refill their lots, once emptied. Placements--new cattle put on feed--totaled a little over 5 million head in the third quarter of 1973, down by 15 percent from the same period in 1972.

In the final quarter of 1973, placements were up from the third quarter, but still down by 15 percent from the last quarter of 1972.

Many factors account for this.

Feed costs rose during 1973. The cost of feed per 100 pounds of gain last summer was about \$36, compared with only \$20 per 100 pounds of gain a year earlier. This meant very high input costs for cattle being finished for slaughter during the last half of 1973.

Feeder cattle cost more, too, averaging about 58 cents a pound during last summer, compared with 42 cents a pound the previous summer. While the price of feeder cattle dropped some during the fall, many feedlot operators were reluctant to fill their lots at the very time they were losing money on every animal they were selling.

Some of the losses were due to Government meddling. A price freeze was placed on retail beef during last summer. It was a mistake, and some of us said so at the time.

When consumer pressures were applied to force setting an arbitrary ceiling on retail beef prices, the normal forces of the marketplace were tossed in the ashcan--at least temporarily.

Then we announced ahead of time that the price freeze would be lifted for beef in September. This action told cattlemen to hold up--maybe after the freeze was lifted the market would move high enough to cover the higher input costs.

Cattlemen with pasture and range put their cattle on it. Many of the finished cattle coming out of feedlots during this period were custom-fed animals with no place else to go.

Another factor that affected cattle feeders' profits was the Federal Government action withdrawing diethylstilbestrol (DES) from use in finishing cattle. This slowed the daily rate of gain of cattle in feedlots, increased the cost of gain, and, in effect, took money out of farmers' pockets.

As you know, an appeals judge now has overturned the ban on DES because those who advocated continued use were denied due process of law in the hearing procedure. So DES again may be used, both as implants and in feeds. Cattlemen who go back to using DES need to be very careful to follow withdrawal rules--the same surveillance for residues in meat will be in effect as before the ban.

Still another factor affecting the current situation was the fact that farmers and ranchers held onto their calves, rather than selling them onto a lower-priced feeder market. Some of these cattle are still on pasture, an abnormal situation for this time of year.

What all this means is that the unusual circumstances during the last half of 1973, which led to fewer cattle on feed, should be reflected in higher prices for slaughter cattle during the first half of 1974.

Then, assuming normal demand, the backlog of potential feeder cattle now on pasture will come into the feeder market, lowering the costs of feeder cattle, and ultimately lowering the cost of slaughter animals.

But demand is the key factor.

In 1960, the per capita consumption of beef in the U.S. was 85 pounds. By 1972, consumption was 116 pounds per capita.

Per capita consumption last year actually dropped about six pounds, due to the smaller supplies and to market interference by Government that dried up the incentive to increase supplies.

Consumer understanding of the economics of agriculture is the real key to what will happen in 1974.

Consumers always feel they pay too much for food.

They're more keenly aware of food prices than most other things they buy.

The average family buys a new automobile once every three to five years. They buy clothes only a few times each year. Furniture doesn't have to be replaced very often. We see a table or chair--a new sofa or bedroom suite--and we buy it, usually when it's on sale. But we're not so acutely aware of the increase in the prices of these items as we are of food, which we buy two or three times a week.

So, it is food that catches the flak. "It costs too much." Most housewives say this when they go to the supermarket. Students on college campuses echo the cry. The truck driver may leave a handsome tip at the lunch counter, but he, too, feels that food costs too much. So does the person tearing out Food Stamps at the checkout counter in the grocery store. People on fixed incomes--some of our older citizens, and the handicapped--are in a real bind. They have a more difficult time adjusting to increased prices of anything they buy. Food costs are the prices they are most painfully aware of.

The cry of consumerism thus becomes: "If we could just roll back food prices, we could eat more food and better food and still have more money available to spend for some of the luxuries of life."

More than any other concept held by the American public, this probably has the highest acceptance. And it's as false as it can be. Under our free enterprise system there is opportunity for all, but there's no such thing as a free lunch. Somebody has to pay the bill.

Nevertheless, from time to time the concept takes hold temporarily. People accept it because they want to believe it--all the while knowing, deep down in their hearts--that it is totally false.

When enough people begin preaching this kind of talk, it has a tendency to snowball into pressure, fanned by politically ambitious, but sometimes economically-illiterate advocates. Such a movement, when it generates enough pressure, can force Governments into unwise, economically unsound, strictly counterproductive actions. The price controls of last year are a prime example.

Every time this concept achieves temporary acceptance, it results in a quick and painful lesson in the economics of agriculture. That lesson is that artificially-low consumer prices are not the sole key, or even the most important key, to better living.

If upgraded, high protein diets--more steaks and roasts--are what we want, increased production is the answer. We live better only when we have more of what we want and need, and the only way to get it is through increased production.

Farmers know that production comes in response to signals from the market.

President Nixon, in his report on the State of the Union delivered to the Congress and the American public on January 30, paid high tribute to American agriculture, citing these achievements under new farm policies

of this Administration which leave farmers free to make their own decisions:

-- Farm exports have set new records in each of the last four years.

-- Farm exports are the largest single factor in the nation's favorable balance of payments.

-- Farm production has set a new record in each of the last three years.

-- New harvest records are anticipated in 1974.

-- Billions of tax dollars which used to go for farm price support payments will be reduced to nearly zero.

-- Farm income in 1973 closed the gap between farm income and nonfarm income from 26 percent to 7 percent. Net farm income reached the all-time high of \$26.1 billion, up from only \$14.7 billion when this Administration came into office.

Abundance is the primary goal of our farm policy--abundance that can guarantee reasonable food prices for every American and higher incomes for all American farmers.

President Nixon has asked the Congress to consider revamping agricultural programs which still require restrictive Federal control over production.

His approach is right. We live in an incentive-oriented society. There is no substitute for profit in getting added production. It is equally plain, when we look at history and examine the facts, that we don't get either full production or reasonable prices when Government bureaucrats begin messing around and interfering with the free market system.

Keep this in mind as we move into 1974. There are going to be times of frustration for all of us. There will be times when consumers will feel they need the heavy hand of Big Brother to manipulate the marketplace.

There may be times when cattlemen feel that market forces are working against them and they'll be tempted to listen to the siren song that promises protection through bureaucratic control.

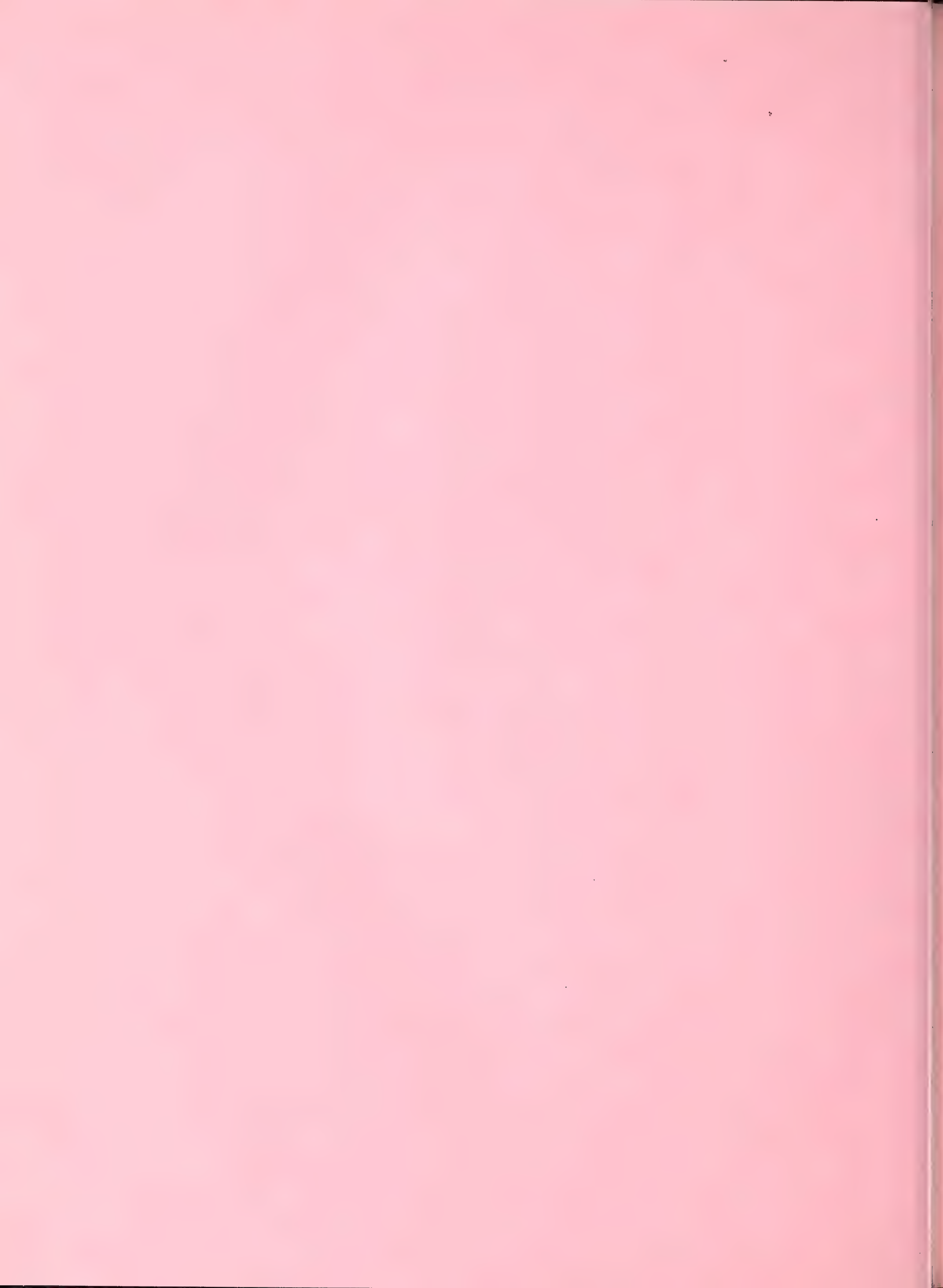
When such times come, beware. Experience has demonstrated time and again that controls don't work very well. They are often counterproductive. They often send the wrong signal back to the producer. They often bring precisely the wrong result.

The best way for consumers to get more meat is to assure the livestock producer and the cattle feeder, through the pricing mechanism of a free market, that they have a reasonable opportunity to make a little profit. Given that signal, cattlemen always have responded affirmatively--they will again.

Our national goal must always be to assure more freedom and a better life for every person in America. Our national agricultural policy is aimed at strengthening the system of private enterprise which has undergirded our centuries long march toward the high level of affluence that is ours today.

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Advance for Release at 6:30 A.M. EDT, Thursday, Feb. 14, 1974



Statement of the Honorable Earl L. Butz
Secretary of Agriculture
before the
Committee on Agriculture
House of Representatives
February 19, 1974

Sugar Legislation

Mr. Chairman, Members of the Committee, I am pleased to testify before your Committee today at the beginning of a long, full series of hearings on this topic.

We are witnessing a new and dynamic period in U.S. agriculture--a period ushered in by the Agricultural Act of 1970 and brought to a pinnacle by the Agriculture and Consumer Protection Act of 1973.

The Congress last year had the foresight to move farther and farther away from the set rules and built-in restrictions that have been the mark of Federal farm legislation since the 1930's. Aimed at restoring the market place and producers as the decision makers for U.S. crop acreage and production, the bi-partisan effort set the stage for a revitalizing of the U.S. farm plant in major crop areas. If this shift in Federal farm policy had not been made, U.S. farmers today would have been hampered in their efforts to meet the needs of U.S. and world consumers in the important grain and cotton sectors.

The fast-paced shifts taking place in the pattern of U.S. farm production foreclose on our past custom of legislation on a commodity-by-commodity basis. As we look to the market place and away from artificial pricing structures, the price relationships among all commodities takes on added significance in determining what kind and how much of the different crops are planted and grown.

Few would argue that cotton and sugar beets compete for the same acreage in the Central Valley of California or that grain and sugar beets compete for irrigated acreage in the Northern Plains and the Northwest. Soybeans and corn may be on the way as alternative crops for sugar cane in the Southern U.S.

Whether we like it or not, this inter-relationship dictates a long, hard look at cotton, wheat and feed grain legislation as we consider new sugar legislation.

The Act of 1970 introduced set-aside programs for cotton, feed grains and wheat. It moved agriculture away from tight acreage allotment and marketing quota programs that had restricted production for more than 30 years. It looked outward instead of inward and enabled producers to reach competitively toward the growing world markets. Most importantly, it fostered the reestablishment of peaceful trade relationships with the Soviet Union and the Peoples Republic of China, and brought world recognition to the U.S. as the greatest and most reliable source of food and fiber.

Under this progressive legislation, we have seen net farm income rise to \$25 billion in 1973...an unheard of level as we look back in retrospect. Increased returns for wheat, feed grains and cotton were major contributors to this record income level. The 1973 legislation offers farmers even more freedom in making their farm decisions. They can respond quickly to the demand-pull of domestic and export markets. Thus, individual net profits can be maximized and this determines how much of which crop producers grow.

Agriculture made a spectacular contribution to our 1973 picture as the U.S. achieved its first favorable trade balance since 1970...this brought stability to the dollar, our international trade position was enhanced with increased ability to pay for much needed oil and consumer goods.

Under rigid restrictive programs that held down production, farmers could never have met the needs of overseas markets. Under the new philosophy of a farm program keyed to the marketplace, U.S. farmers can assume a solid posture as reliable suppliers of farm commodities competing the open market with producers from other nations. Even now, both domestic and foreign buyers are out bidding against each other for these commodities.

Exports nurtured by the new program's philosophy are in large part responsible for dramatic cuts in farm program costs. With government grain and commodity inventories virtually at zero for the first time since the end of World War II, government storage and handling costs are dropping negligible amounts. Direct program payments to farmers are shrinking rapidly as farmers derive more and more of their income from the market. In fiscal 1973, payments to farmers amounted to \$3.9 billion. By fiscal 1975, they will be less than a half billion...chiefly for conservation cost-sharing, sugar and wool. The shift to market income is welcomed by farmer and taxpayer alike.

Record high net farm income and exports and record low government farm program costs are directly traceable to the decision of the Congress and the Administration three years ago to let farmers determine their own destiny. Even so, there were some who feared this sharp break with the past and would have made only timid moves toward a market-oriented agriculture. This fear, of course, is now behind us. We have seen millions of acreages shift among the various crops as farmers were able to ignore planting patterns based on ancient acreage history and plant the best crops for their particular operation. This fostered more efficient and profitable farming and not unbalanced production as some had feared.

Farmers have seen markets support record 1973 crops of wheat and feed grains and a large 1973 cotton crop at extremely satisfactory prices. This success story for some segments of U.S. agriculture inevitably leads us toward several penetrating and far-reaching questions in our quest for an effective and acceptable program for sugar.

As we look down the road, the change from a restricted production level for U.S. agriculture to one of full production has a marked bearing on what we do for sugar. The all out effort of our agricultural plant brings new and sensitive relationships among commodities and this relationship will be even more important as the years pass. As legislation has evolved during the past few years, we have found it necessary to legislate for many diverse commodities...wheat, feed grains, cotton, dairy, wool... in one package. I feel very strongly that any legislation for sugar should be designed to permit its review and revision with other major farm legislation when its renewal comes up in 1977.

As we look to the future growth of the sugar industry, we must deal forthrightly with the question of artificial production and marketing controls. As other commodities have been freed from restraints, U.S. farmers have prospered. They have been free to shift and use their resources in the most efficient and profitable manner. Under the sugar control system....domestic quotas, farm proportionate shares and processor marketing allotments....there is little incentive for growth and expansion. While controls are not a major factor at the moment, their ever present threat as a device of the future inhibit the investment of production and processing capital. I have confidence that the sugar industry will grow and prosper if the market place is permitted to guide its future.

Another sensitive question in any farm legislation is that of payments....and the specter of payment limitations. There has been a rapid trend away from payments as an income supplement for other commodities. It is now time to consider the elimination of all farm payments. Wheat producers accepted the termination of "wheat certificate" payments and are finding the market place a much more satisfactory answer to their growing income needs. We must be willing to accept a similar solution for sugar. With the end of sugar payments, there will be no further need for the domestic sugar excise tax (which is a burden to consumers).

We have entered a new era of price levels for farm commodities. With rising production costs and their tendency to become "fixed", this new level cannot be taken as a one time happening which will go away immediately. If foreign quotas are continued, any sugar price objective embodied in legislation may have to be increased.

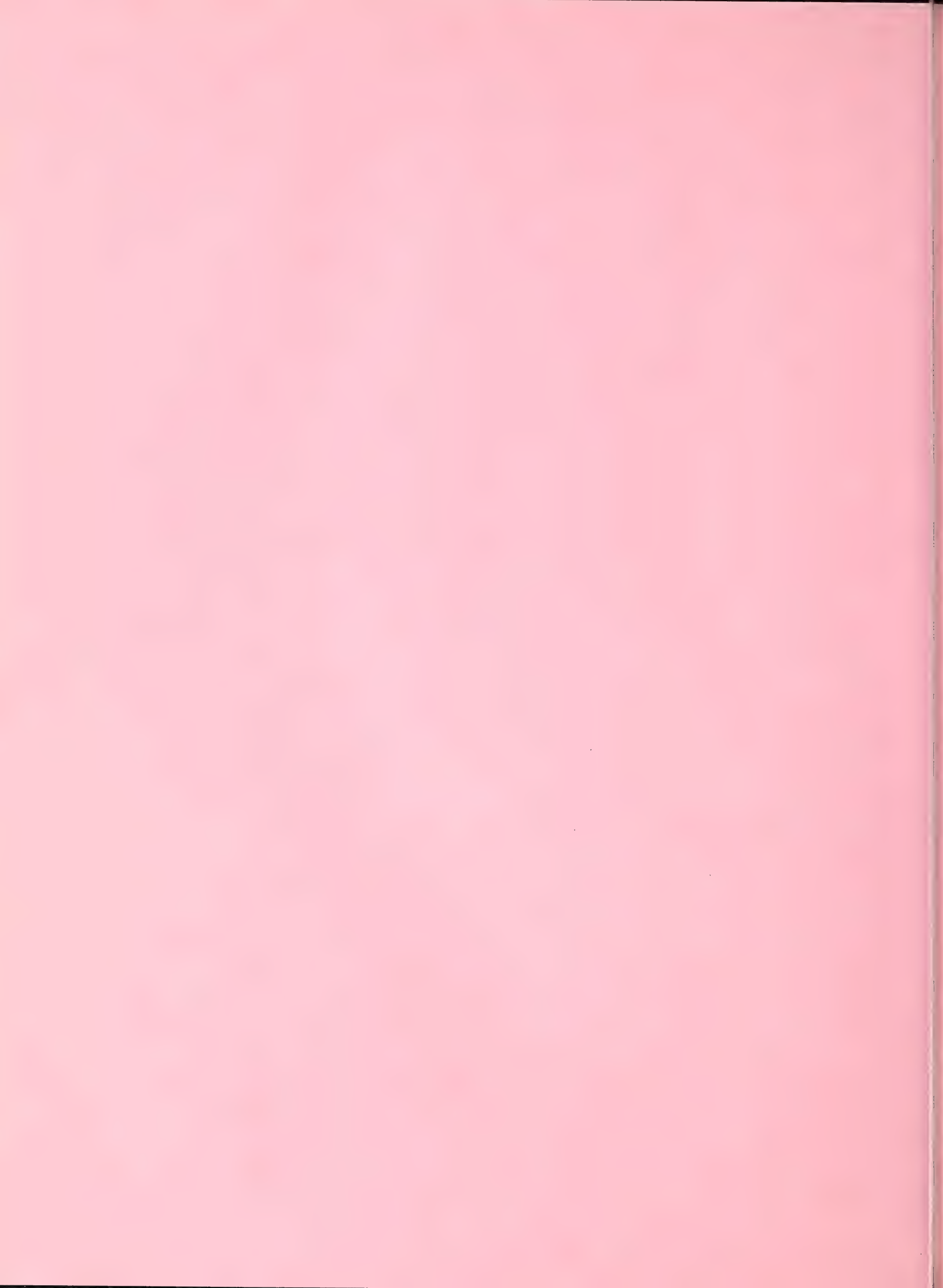
With the elimination of sugar payments, there will be no justification for the continued intrusion of the Secretary of Agriculture into the relationships between sugar producer and laborer through the setting of minimum wages. This is not the case for any other agricultural commodity. There are adequate State and Federal laws governing wages and working conditions.

These are major areas that come to mind in viewing sugar as it relates to the rest of U.S. agriculture. With progress achieved for those commodities under the Agricultural Act of 1970 and its successor, the Agricultural and Consumer Protection Act of 1973, we can ill afford to ignore this record as a new sugar program is developed and legislated.

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When you want to make a hearty stew, you take a wide variety of ingredients and simmer them together under heat and pressure and through time. That's the very process by which our nation has been forged. We've had the heat of internal strife, the pressure of global conflicts and the simmering of a growing economy. We have had almost 200 years of time in which to grow and blend into a unique mixture in which many of the individual ingredients are still identifiable.

They say America is a melting pot. That's not quite right. I say it is a pot of dynamic action that bubbles and boils and lets the very best rise right to the top. It is not a static, rigid mass.

This nation is a superb blending of people of all races, religions, ethnic and cultural backgrounds. Different groups add spice and flavor to our national life.

We have a national strength of character of our very own, but it hasn't come from being melted into a homogeneous mass. This nation was built by solid citizens, by devoutly religious people, and by restless characters, misfits from other societies and lands, slaves, persecuted peoples and adventurers, and seekers of the pot of gold at the end of the rainbow. Most came here because this land offered a new opportunity for each person to break the old mold and be an individual.

We still can be individuals. We don't have to all be alike; we don't have to all think, talk, and look alike. Some came not of their own free will--but they too are free to retain their individuality and have equal opportunity to rise to the top.

Address by Secretary of Agriculture Earl L. Butz before Ethnic Leaders of American Heritage Groups at the White House, February 19, 1974, 2:30 P.M.

- 2 -

Throughout our history we've scraped and bumped together, irritating one another at times, yet somehow all getting along when the chips were down. We've sometimes been suspicious of each other, and we have a bloody Civil War in our history, but in the end we have come together and forged a nation out of our diverse backgrounds. It is the greatest nation the world has ever seen.

I'm proud to say that this is a great nation. You should be, too. We are all Americans; we're all in this together--and we rise or fall together. We shouldn't forget this, regardless of our various ethnic backgrounds. Only in this country could we enjoy the freedom to maintain our separate group identities, as part of a unique whole.

We can be as critical of ourselves as we want. In fact, we are probably the most self-critical people in the world. This is another of our strengths; we are not afraid to admit our mistakes, to attack our weaknesses and build them into something better.

In many ways this country is just like a large family. Aunt Sue doesn't like Aunt Doris. Bill is not speaking to cousin Bob. The kid brother annoys his older sister and Mom doesn't like the way Dad empties his pipe all over the house. But when there is a job to do or a challenge to be met, we knit together and get tough. We are goal-oriented and do the job once we are faced with it. And woe be to any outsider who says the same bad things about Aunt Doris that we say among ourselves.

In the past we've fought several wars and proved our mettle as a unified nation. It has always amazed the rest of the world when the black soldier fought alongside the white, when the Apache or Cherokee pulled the Irishman or the Swede to safety under fire. They were Americans, and they were brothers. They fought for the same common goal: individual freedom. The freedom to choose your own friends, your own lifestyle, your own religion or your own political beliefs.

Now I know that there are those critics who say that the America I am talking about no longer exists; that it has gone away and that we have turned sour and lost our dream.

I say baloney. Let's not be ashamed to come together and be proud of our strengths--even while we probe for our weaknesses and internal divisions. Part of our strength lies in our individuality.

We are a good people and a good nation.

We are a nation built on ethnic groups.

And we are a nation built on agriculture.

Each of our ethnic groups has made its particular contribution to nation building. When the first settlers came to this land there was no nation; there was no United States of America. There was only forest and desert and plains.

The British brought their livestock; their Herefords, Shorthorns and Angus cattle. The Irish brought flax, and the Orientals brought soybeans. The Spanish brought horses and cattle into Mexico and the Southwestern United States. Some of their first stock of horses turned wild and a few eventually found their way into the hands of American Indians. The Nez Perce tribe in the Pacific Northwest bred and selected the very finest of these horses and developed the distinctive Appaloosa breed.

Another ethnic group, the Mennonites, were persecuted in Germany and moved to the Ukraine. They were eventually mistreated there, so many of them headed for the new land of North America, entered Canada, then came down into the United States. They carried with them the strains of hard red winter wheat that eventually made Kansas famous as the wheat State.

The Scandanavians settled the Northern part of the United States, choosing places like Minnesota, Wisconsin, and Washington; places most like their homelands. They brought the skills to build warm, snug log

cabins that would block out the bitter winter winds of the North. They planted seeds and made domestic crops grow where none had existed before.

Our nation and our agriculture could not have been built without these contributions.

It could not have been built without a good overland transportation system. Even though we were blessed with an extensive system of rivers, there was only so much that water transportation could do. Something more was needed. So we set out with the bold scheme to build a trans-continental railroad, linking the far West Coast with the heartlands of the Midwest and the business and trading centers of the East Coast. The civilization of our country depended on its success. And the new railroad was built over almost insurmountable odds by the muscles of the Irish coming from the East, and the muscles of the Chinese coming from the West.

Those were tough times and hundreds of men died. Thousands more were mistreated and abused. It was not always a pretty picture.

But the abuse the Chinese or the Irish suffered did not stop them from sending for their relatives still left in the old countries. America was a new land where a man could make his fortune or at least improve his lot if he were smart enough or skilled enough. This country had no potato famine or mass starvation. There was hope and a future in which a man could see that his children would be better off than he was.

Not all of the newcomers came voluntarily though.

Millions of words have been written about the plight of the blacks sold to slavery to work in the fields of the Southern United States.

Grave injustices were done. The agriculture of the South--upon which the industrialized North depended--could not have evolved as it did without the backbone and muscle of black men, women, and children. They helped build this country.

There were others who came in subservient roles or as servants and workers, such as the system of indentured bondage under which many other men and women arrived in this land. Few of us came from the pampered nobility.

And in the end, the issue of slavery was climaxed by the Civil War. White men and black men, Irish, Poles, and Italians, Catholics and Protestants, and many, many others fought for the right of all men to be free. They believed so strongly that it was wrong for one man to hold another in any sort of bondage that they laid down their own lives for the principle. Again, the various ethnic groups of this country pulled together in an important common cause: the essential freedom of all people.

The varied contributions continued on the agricultural side too.

The country continued to expand and develop its agriculture. California blossomed with orange varieties that had first come with the Spanish explorers. New England blossomed with fruit trees from the British Isles.

The Japanese and Italians grew beautiful vegetable gardens and started truck farms all over the country. Sugar cane was introduced to the Gulf Coast, bringing yet another new agricultural industry to this continent.

Other ethnic groups carried the moldboard plow and the farming methods of Europe to the American Midwest. Attempts to change both the plow and the European system of tillage to suit the climatic and soil conditions found here formed the foundation of our agricultural machinery industry.

While this was happening, ideas and crops flowed in the reverse direction as well. As the new Americans corresponded with friends and relatives left behind, they exchanged goods, foods, and plants. The peanut, a native American crop, was transported to West Africa where it thrived and today is a major crop.

America's number one crop, corn, is now a major feed grain in the world. It has been introduced or tried in almost every land over all parts of the globe.

It was the free flow of goods and ideas between nations, between all people, that made America.

It is the free flow of goods and ideas with the rest of the world that is America's strength today.

As a people we have come from all parts of the world. In many cases our ties are still deeply rooted to the countries of our origin. New ties are being formed every day through trade and business channels.

We could not cut ourselves off from the rest of the world if we wanted to. We would be crazy to try. We need goods, resources, and the fresh flow of ideas from elsewhere. Other countries need us as well. They need our products, our agricultural commodities.

Last year, we imported \$9.3 billion worth of petroleum; and our trade surplus in agricultural commodities was \$9.3 billion. This surplus of agricultural trade paid for the imported oil and gasoline we needed.

It kept our factories running, our homes warm, our workers going to work each day. Without it, we'd have been in deep trouble.

If that doesn't point out the need for trade, our heritage should. We are tied emotionally and culturally to the other countries of the world. We can help them develop and become better trading partners not through cash handouts, but through establishing reliable commercial channels with them, by selling them the agricultural products we have in excess.

We are Americans, but we are still members of that bubbling, boiling pot of ethnic humanity I talked about earlier. That pot--that melting pot if you want to call it that--used to just include America, but now it is made of the whole world. We're coming together; the world is blending into one unit. Let it be in an atmosphere of peace and free trade, not one of tariff barriers, quotas, unrest and suspicion.

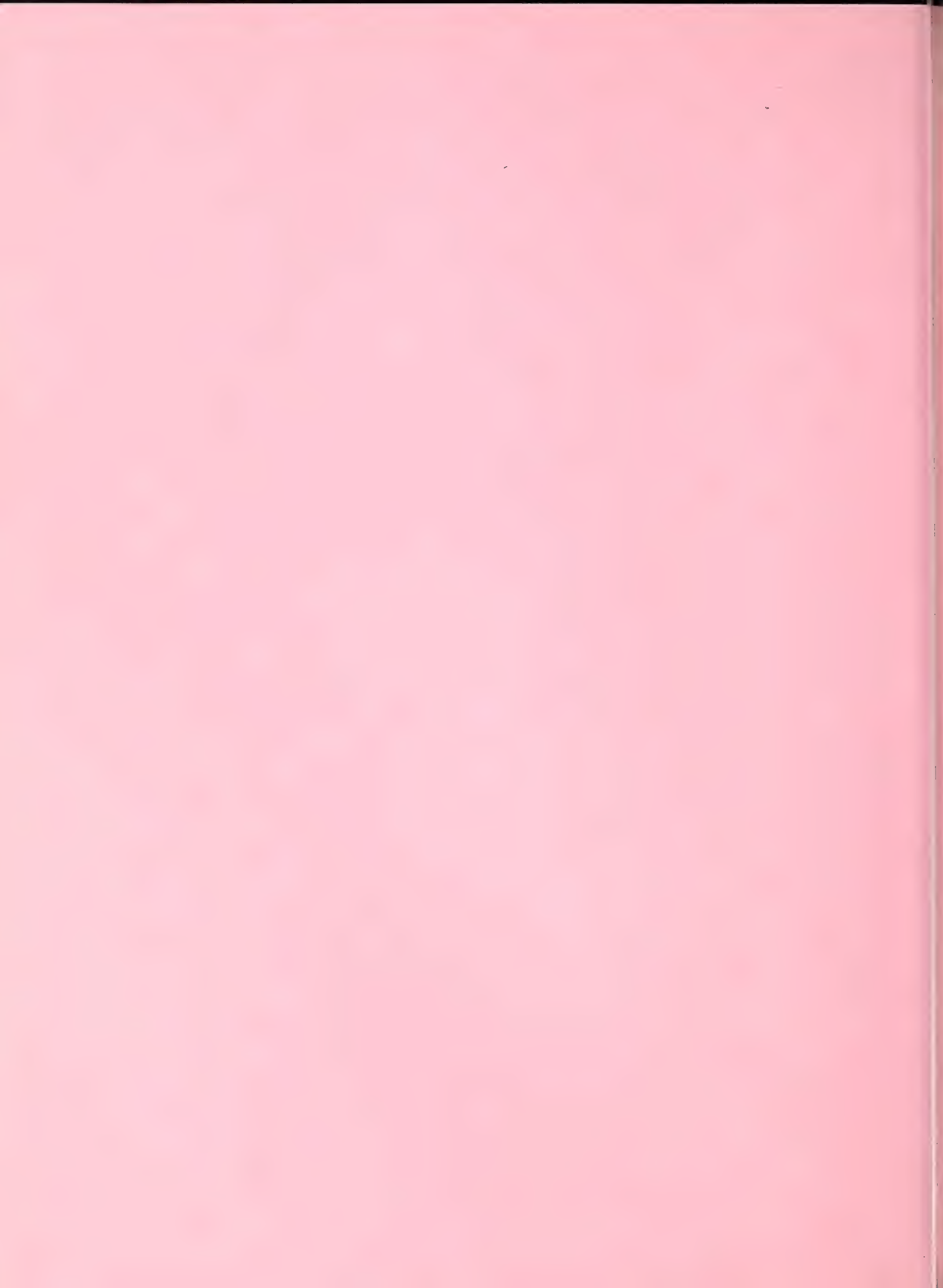
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For Immediate Release

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DECISIONS FOR OPPORTUNITY IN AGRICULTURE

Today we consider perhaps the most crucial long-term challenge facing American agriculture -- how to make it possible for more of our bright, capable young people to enter farming.

The average age of commercial farmers in this country today is 50.3 years. That is far too old for a dynamic growth industry like agriculture. We are ten years behind in manning our farms for the future.

Alternative opportunities have been more attractive than farming to our young farm people in recent years. Young people today are mobile; they are not tied to the land unless they want to be. They are also keenly aware of what life off the farm has to offer. Farming must offer an attractive life style and a profit potential - and both must be reasonably available to our farm youth. Otherwise, we will continue to fall behind in replacing our current generation of farmers.

We also must recognize that farming requires exceptional individuals. Managing a successful farm today calls for the highest degree of dedication, the highest level of business management, and the widest range of technical capacity of any single job category in the economy. A generation ago, it was said that, if you cannot do anything else, you can farm. Today, if you cannot farm, you had better do something else.

Speech by Secretary of Agriculture Earl L. Butz, before the Farm Credit Administration's Young Farmers Conference, Indianapolis, Indiana, February 26, 1974. 7:00 P.M.

Fortunately, our rural areas are still turning out the bright capable young people who are willing to work and put in long hours. They have the ability to learn the necessary skills and the background to absorb them quickly. However, many of them lack the necessary capital.

The technology that has helped us achieve such amazing farm productivity has escalated the problem of entry into farming.

Getting started in farming now is entirely different from a generation ago. It now takes capital -- and lots of it -- to finance a viable farming operation. The old ladder -- starting as a hired man, moving up to tenant status, and then eventually acquiring ownership -- is no longer valid for many would-be young farmers.

The average farm in the United States today has assets of \$163,200. Commercial farms with enough income potential to compete for the top-notch young talent probably need in the neighborhood of \$150,000 to \$300,000.

At the same time, farming is a high-risk enterprise, and a young man must be careful not to get in over his head. He has to be able to survive bad weather, the cattle cycle, floods, a swine disease, or perhaps a corn blight.

The biggest limiting factor for the young farmer today is capital -- enough capital to assemble the land required to use his labor efficiently, plus enough machinery and livestock to utilize his productivity and management ability.

We have recently made some major decisions affecting agriculture which measurably enhance the farming opportunity for young farmers today.

First of all, we have made the decision to let American agriculture make its full contribution to the economy.

That means a full production opportunity for farmers - the opportunity to use land, equipment, and labor at peak efficiency for maximum returns. Farmers will be able to compete freely for the growing export opportunities that are opening up.

In the past, we have not always let U.S. farmers compete for exports. We cut back our farm production, intending to enhance farmers' incomes. In doing so, we handed our markets and long-term opportunity to farmers in other countries, who were not really as efficient as we were.

Today, that situation has been reversed. The nation today recognizes the vital role that agriculture and farm exports are playing in the health of our economy. Nearly one-third of our national exports currently are farm products. These exports are crucially needed to pay for the things we import -- oil, raw materials, and low-cost consumer goods from other countries. Our surplus of agricultural exports over agricultural imports in 1973 was \$9.3 billion. By coincidence, the cost of imported oils for 1973 was \$9.3 billion.

Thus, farm exports are more important to the United States today than they have ever been. As a result, farmers are more important to the United States than they have ever been.

That is why we have made the decision, at the highest levels of our national government, to let American farmers compete for markets wherever they may be, with the full production potential of our fields and farms.

This full production means opportunity for more farmers. It means more farm-related jobs in the industries that support agriculture. It means more jobs in all kinds of industries all across the country. It means more income for the whole nation.

This decision to let American agriculture make its full contribution to the economy is a most important decision effecting the future of our young farmers. Farmers and the nation will both benefit tremendously from it.

Remember that the really key factors in the strong demand for farm products the past two years were in our export markets: bad weather in various producing areas around the world, devaluation of the dollar which made our farm products more attractive to foreign buyers, and the fact that more people around the world have continued to get more income and bid for better diets. Remember, too, that the dollar is still devalued, that incomes around the world are continuing to improve, and that even a normal year includes some bad weather in farm production regions somewhere around the globe.

Increasing demand for high protein foods is the key to current farm product demand. Each pound of poultry added to the world's menu adds a demand for three pounds of feedstuffs. Each pound of beef adds the demand for 7 pounds of feedstuffs. This protein factor is the main reason farm product demand is growing faster than population.

The strength of the export market is an important factor that makes the future of American agriculture bright - and opens up new opportunities for young farmers.

We have decided to let farmers run their own businesses.

We used to tell farmers how much they could grow of which crops. In effect, we were trying to manage millions of individual farms from a conference room in Washington.

Today, farmers look to their markets to see where the best returns lie, and plan their farm production accordingly. We offer target prices that help to share some of the risk of expanding production, but we no longer interfere with the management of individual farms.

We have decided to let the market guide our national resources to their most effective use.

The decision to rely on the market was made haltingly, after some false starts that produced the Cost of Living Council, and Economic Phases I, II, III, III-1/2, and IV.

We tried a ceiling price on beef, and found that it raised beef prices later. We tried price controls on fertilizer to keep down costs for farmers -- and found that our fertilizer was going overseas where there were no ceilings.

We are using price controls on petroleum products -- and we are finding that the ripples come ashore in surprising places. Just as one example, our soybean processors cannot get enough hexane solvent to process all of our soybeans -- and the price control structure has prevented a higher price that would make it worthwhile to increase hexane production.

We can look back and see that much of the economy would be in better shape today if we had not indulged ourselves in these attempts to repeal the law of supply and demand. We have been through a period involving some highly unusual economic factors: disturbing world-wide inflation trends, floating currencies for the first time in modern times, and an unprecedented rise in world-wide incomes and consequently in demand for commodities.

Still, we have learned once again that the market, for all its shortcomings, is the best way to keep a decentralized and highly interrelated economic machine like ours running smoothly. Prices are the signals that link the whole system together.

The decision to trust the market means that, over the years ahead, farmers can expect to get returns that reflect their costs of production plus a reasonable return on their labor and investment. The world economy needs and wants more farm products. It will have to offer good farmers a good profit incentive or it will not get those farm products.

By the same token, the market system means farmers can bid for the resources needed to produce -- land, fuel, fertilizer and so forth.

We have also reaffirmed the decision to preserve the family farming structure in American agriculture.

This decision is not for sentimental reasons only, although the family farm has an outstanding record of producing good citizens for the country. Most important, the family farm has served America extraordinarily well in producing farm products abundantly and efficiently.

I remember in the 1960's the so-called invasion of agriculture by big corporations from outside farming. Several big corporations did make sizeable investments in farmland and announced they were going to adapt big business methods to crop production.

Those big non-farm corporations often got out-managed by our family farmers, and many of them got out of farming faster than they got in. The vast majority of incorporated farms in this country today are family farms that have incorporated for business reasons -- usually to help the son take over the farm from his father.

That brings me right back to the point where I started -- the challenge of getting top-notch young farmers to carry forward the nation's most important industry.

I want to commend the Cooperative Farm Credit organizations and our other credit institutions for giving attention to this problem.

How do we best finance young people getting started in farming? Can we continue emphasis on the concept of land ownership in fee simple for the individual operator, which then has to be refinanced every generation?

Grandfather spent a life of privation for the privilege of dying as the owner of a section of land. Too often he owned it when he died, but he had not really enjoyed himself while he lived. He and his wife and kids sacrificed toward that goal of land ownership for years and years.

The modern young farmer and his family will not do that. Nor should they. There are too many other opportunities where their abilities can provide a more comfortable life style.

So how do we meet a young farmer's capital requirements under a family ownership set-up which obviously is tied to the life cycle of an individual - and still provide the full income so the farmer and his growing family can enjoy the amenities of life? This is the real challenge.

It may be that we will move toward a permanent debt structure in farming, in the same sense that the manufacturing concern in town uses borrowed capital as a production tool and never expects to be out of debt.

It may be that we will move toward the farmer renting a great deal of his land -- from retired farmers or other landowners -- and making his investment in operating capital.

It may be that we will change our social value of a farmer spending a lifetime to acquire ownership of a big tract of land before he dies.

Maybe more young people will use off-farm work to supplement their incomes as they are building up their farming operations.

But this capital challenge must be met. That is why we are here today.

I have a great deal of confidence in the ability of eager young farmers to solve problems. I have confidence in the Cooperative Farm Credit system and in our other strong financial institutions. I have great respect for the credit experts who are also taking part in today's program. Above all, I have a deep abiding faith in the strength of the United States and its incentive-oriented economy.

The fundamental decisions that have already been made offer young farmers today the strongest undergirding for future success that anyone has seen in American agriculture in 40 years.

- The decision to let American agriculture make its full contribution and go for the full production opportunity will mean more farming opportunities.
- The decision to let farmers manage their own farms is already helping to increase net return to all farmers - young farmers and those solidly established.
- The decision to let the market work in our economy is the strongest possible guarantee that farmers will get the production resources needed, with prices that will cover production costs and provide an attractive life style.
- Continuing support for the family farm structure recognizes the strength that this institution has provided and will continue to provide in American agriculture.

The groundwork for opportunity has been laid.

Now we must make it possible for capable young farmers to grasp that opportunity. If we do, American agriculture in the future will be an even greater economic asset to the nation and will offer an even more attractive life style for young farm people.

Advance for Release at 6:30 P.M. EDT, Tuesday, Feb. 26, 1974

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AGRICULTURAL EXPORTS--BASIS FOR PEACE AND PROSPERITY

The one bright spot in the total American trade picture in the past year has been the surplus of agricultural exports.

It has led us to our first overall positive balance of trade in three years. Last year, this nation sold \$70.8 billion worth of products overseas; farm exports constituted over one-fourth of this. Farm exports have paid for a growing number of items that the American consumers have opted to purchase from abroad: the television sets, the cars, cameras, shoes, and stereos--and crude oil!

Our surplus in agricultural trade has helped to stabilize the dollar in the international monetary markets. It has been a powerful factor for peace around the international council tables.

It has been a substantial factor in restoring farmers to a more rightful share of the national income pie. It has brought them dignity and a sense of belonging to the entire national community.

It has substantially reduced the drain on the treasury of outmoded farm programs. It has unleashed the productive capacity of our farmers so they can make a maximum contribution to both national and international well-being.

Yet, in spite of these many positive contributions, the clamor arises once again to hobble our agriculture. We hear the ugly cries of restriction, restraint, quotas, tariffs, and limited sales. From time to time this attack may shift from one commodity to another, but always the pressure, wherever it is aimed, would set us back. It would keep the American farmer

Address by Secretary of Agriculture Earl L. Butz before the Landmark Co-operative Annual Meeting, Columbus, Ohio, February 27, 1974, 12:00 noon.

from making the contributions he is so capable and willing to make toward national prosperity and international peace.

The latest attack is on the wheat front. Scare stories of dollar bread repeat themselves in the headlines and on the networks.

We're not going to have dollar bread, or anything approaching that, unless the very bakers who are currently doing the hollering raise their own margins to exorbitant levels. At the present time the average retail price of a one-pound loaf of bread is 31.9 cents. The one and one-half pound loaf costs roughly 48 cents. These are average figures; prices may vary slightly one way or another at individual stores.

The retail price of a one-pound loaf of white bread has increased 9 cents in the last five years. Of this increase, 3.8 cents has been accounted for by the increase in the price of wheat at the farm. 5.2 cents of the 10-cent increase represents non-wheat costs. A good chunk of this is associated with the baking industry, the very ones who are howling the loudest at the moment. By far and away the big increase was labor costs. At least a part of these costs are associated labor inefficiencies which are structured into working rules and union contracts in various sectors of the industry.

Last week, wheat sold at Kansas City for \$6.02 a bushel. One bushel of wheat will make 69 one-pound loaves of bread. This means that the value of wheat in a 32¢ loaf of bread is 8 cents. The other 24 cents consists of other ingredients, but mostly of labor, transportation, storage, taxes and the like.

The point is that we've jumped the wrong rabbit when we chase the 8 cents worth of wheat in a loaf of bread. We should pursue the 24-cent rabbit. That's where the real opportunities lie for cost reduction.

This is the rabbit the bakers should be pursuing. It's the one they can do something about. It's the one with the greatest opportunity for results. It's the one that can show the most visible results on the supermarket shelves.

The argument has been sounded in the baking industry that we will run out of wheat in May and June. This is not supported by the facts. Last Friday, the May contract for wheat on the Chicago Board of Trade closed at 14 cents a bushel below the March contract. If a baker really believes that wheat will be unavailable or will cost much more in May, as some of his group now indicate, he cannot only protect his supply of wheat, but can make himself immensely wealthy by buying May contracts at today's prices.

The plain truth is that those who make the protest don't believe it themselves. They are conducting a scare campaign partly to avert attention from the fact that 24 cents out of the retail price of a one-pound loaf of bread is associated with their own costs and profits.

It did not escape the public's attention that last month after the chairman of the board of governors of the American Baker's Association predicted \$1-a-loaf bread this spring, he hastened to assure the stockholders of his own company that he had been talking about a general industry problem and not about any problem in their own company. He revealed that 1973 had been a record profit year and that 1974 should be another record.

Then he went on to say that his management had already purchased flour and wheat for the months ahead and that his company was well protected against all foreseeable problems in this area.

The plain truth is that we will get through this wheat marketing year satisfactorily. International supplies of wheat are tight, they are tight in the United States. But they are adequate to meet the demand at prices now prevailing.

Those who indulge in scare headline tactics do a disservice to the American farmer, to the American grain trade, to the American public, and indeed to the American Bakers themselves.

This is a time for us to promote public understanding of the important role a vigorous agricultural export trade can play in promoting a prosperous America and a peaceful world.

One of the best ways to intensify international tensions is to force nations along the backward road of self-sufficiency in areas of production where they cannot compete economically. It makes no sense for a nation that has a cold and bitter climate but large underground oil reserves to concentrate on trying to produce food when another nation can supply it more efficiently in exchange for oil.

It must be so obvious that it is trite to say that a world engaged in healthy and growing trade based on mutual advantage must indeed be a peaceful world. As trade grows on a multi-national basis based on comparative advantages, it will be easier to achieve success at other important international tables such as the SALT Talks, the Energy Conference, the Arms Limitation Treaty, the International Monetary Conference, the

GATT Negotiations, the OECD Negotiations, the U.S.-USSR Agreement on Cooperation in Agriculture.

Agriculture is by far and away America's most efficient, major area of international trade.

Let's not let it be hobbled by the plaintive cries of a few individuals that would curtail it in order to divert attention from the excessive contributions they themselves have made to the cost of food.

Let's move ahead with prosperity and world peace. Let's not step back into the dark ages of selfish barriers and international suspicions. If we bar the doors on products going out of the country, we also bar the door to products coming in; to the oil, gasoline, and manufactured goods we have come to need and want.

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Advance for Release at 6:30 A.M. EDT, Wednesday, Feb. 27, 1974

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Statement of the Honorable Earl L. Butz
Secretary of Agriculture
for Hearings on the
1974 Economic Report of the President
before the
Joint Economic Committee, Congress of the United States
February 28, 1974

Mr. Chairman and Members of the Committee:

This is an exciting and challenging time for U.S. agriculture. After four decades of agricultural policy which attempted to restrain productive capacity, we are entering an era when agriculture can take full advantage of growing domestic and world demand. Farmers are responding to the signals from the market by planting increased crop acreages and record production is in prospect this year.

The impact of the rise in farm output will be noticeable at the grocery store before many months have passed. The larger supplies coming on the market, especially in the second half, will ease pressure on food prices. Though some further increases are likely into spring, there is a strong likelihood that retail food prices will begin to stabilize by summer.

Farmers will have another good income year. We expect the net to be second only to the record realized by farm operators in 1973. Even after adjustment for the price inflation, the 1973 income was well above any previous year.

The implications of growing world demand for American agricultural products can scarcely be overemphasized. Let us look at how it came to be.

Feb 28

The pressures of expanding demand on world supplies began to mount in 1972 when world cereal production fell 3 percent, interrupting a recent trend increase of 3 percent annually. A poor Peruvian anchovy catch helped reduce protein feed supplies. These reductions coincided with rising world demand, fueled by rising incomes, devaluation of the dollar, and growing preferences in many nations for more livestock products in the diet.

The impact of export demand is measured by the export statistics. Our 1973 calendar year agricultural exports reached \$17.7 billion, almost 90 percent more than in 1972. Agriculture's trade balance rose to \$9.3 billion, enough to more than offset a deficit of \$7.6 billion in our non-agricultural trade. Our total balance was favorable for the first time since 1970.

This extraordinary foreign demand, along with strong domestic demand, reduced our grain and soybean stocks and prices climbed. Farmers responded by producing record crops of corn, wheat and soybeans in 1973, following the big harvests of 1972. Strong foreign demand also pushed up cotton prices, and supplies are tight despite a slight drop in domestic mill use. Livestock producers, on the other hand, cut back production under the pressure of rising feed prices and market uncertainties resulting largely from price ceilings on meat. Cattle slaughter in 1973 was off 6 percent from 1972, despite record inventories as the year began. Hog slaughter was down 9 percent. Broiler production slipped 2 percent, and eggs 5 percent. Total milk output was down 3 percent.

Events of the last 2 years precipitated economic developments that will continue to challenge agriculture in the years ahead. Not so long ago, levels of farm prices and income were mainly determined by developments within this country. This is not to say that economic events abroad were unimportant to our economy. We have been exporting the production from 20 to 25 percent of our cropland. Our trade in agricultural products has yielded dollars that helped offset our unfavorable trade balance in the nonfarm sector. Farm products were vital in Food for Peace and other programs to assist and help in the development of other nations. Nevertheless, during most past years, we carried substantial stocks which cushioned our markets against abrupt changes in supply and demand abroad.

This is no longer so. American agriculture has become of age in the world community. We do not have large stocks and we are now in the "free" market for many of our major agricultural commodities. Our prices now are much more sensitive to developments abroad. Consequently, we must give far more weight to world conditions in assessing the agricultural outlook than we have in the past.

Another factor that enters more emphatically into our outlook appraisals is the world monetary situation. We have been accustomed to think of the dollar as a solid rock about which other currencies ebb and flow. Events of the last couple of years have demolished this notion. By mid-1973, the dollar had depreciated by an average of 17 to 18 percent compared with the currencies of our major agricultural trading partners.

Moreover it has undergone numerous, short-time fluctuations in relation to currencies of individual countries in response to changing world conditions. As a result of the realignment of the U.S. dollar, prices for U.S. commercial exports, expressed in foreign currencies, are now averaging about 9 percent lower than would otherwise have been the case. Although the value of the dollar has recently increased on the world market, it remains to be seen whether or not this is a transitory development.

As we look toward the 1974 crop season, we find that strong world demand continues to press on tight supplies. World grain production in 1973-74 is expected to be at record levels. This will permit some increase in use but stocks are low and supplies are likely to be relatively tight well into the 1974-75 crop year. Oilseed production is outrunning use but demand for rebuilding stocks is likely to keep prices relatively high.

The outlook for the U.S. economy suggests a very small growth in real output this year, but inflation will continue strong, particularly through the first half. Unemployment seems likely to rise some and corporate profits will decline substantially. Capital investment in plant and equipment will provide strength, but housing will continue to lag, and business investments in inventories are likely to decline late in the year. Consumer expenditures will be only modestly higher, and will mainly reflect higher prices of non-durable goods. Purchases of major durable goods will be down. Consumers will tend to use their income to maintain the volume of purchases of non-durable goods, pay

debts, and increase their savings. Two likely bright spots in the economic picture are rising investment and strength of the dollar in world trade. This is the general domestic economic framework in which farmers will be selling their output this year.

Aside from weather, the greatest question mark in the outlook is the availability and price of farm inputs. Farmers are in a strong financial position. The ratio of debts-to-assets and net cash income-to-debt are the most favorable in recent years. Also, short-term interest rates on farm loans have moderated somewhat, so farmers can obtain funds for production and needed capital items.

We see no overall problem in getting farm fuel. Needs will be about 3 percent greater than in 1973, and farmers can expect to pay 30 to 50 percent more for both gasoline and diesel fuel. Diesel stocks are much improved, reflecting increased output this winter and mild weather which reduced fuel requirements. Gasoline supplies should be generally adequate, excepting perhaps for farmers who purchase fuel at retail service stations. By the time spring work gets underway, the distribution system established under the new petroleum allocation program will be well under operation. Farmers are to receive 100 percent of their fuel needs, but they would do well to order in advance from a distributor with adequate stocks. USDA has set up a system to help.

The fertilizer picture is mixed. Supplies of potash are more than adequate to meet requirements, but nitrogen could be short of requirements by 5 percent and phosphate by about 12 percent. Although these shortages obviously will have some effect on yields, the impact should be small. We are trying to persuade fertilizer producers to first satisfy domestic users and thus minimize the shortages.

Since fertilizer was exempted from price controls on October 25, price increases for nitrogen products have ranged from 55 to over 70 percent, prices of phosphate products are up about 40 percent; potash prices have increased 26 percent. However, the spread between export and domestic prices has not narrowed because export prices also have soared.

Demand for farm labor will approximate that of 1973. Although cropland will be expanded by some 17 million or more acres -- largely in feed grains and wheat -- the effect on demand for labor will be largely mitigated by widespread adoption of energy conservation measures such as reduced tillage.

The farm wage bill will likely be about 8 percent higher as hired farmworker wage rates increase from the 1973 average of \$2 per hour without room and board to around \$2.20 per hour by the end of the year. We expect farmers will find it difficult to hire workers at current wage rates, even though unemployment rates have risen in the past couple of months. Labor shortage will be most acute for harvesting highly seasonal labor-intensive crops. Although supplies of inputs will be limited and prices high, we do not expect this situation to severely curtail production capabilities.

Farm output should increase about 5 percent over 1973 if weather is normal. Production per man-hour should increase about 4 percent. Prospective plantings indicate about 127 million acres to be planted to feed grains, up 5 percent from 1973. Production may total 235 million tons, 15 percent more than in 1973. This would be ample for projected needs and permit some recovery in stocks. Feed grain prices are nearly

double those of a year earlier and will stay strong because of tight supplies and strong demand, particularly foreign demand. Changes in prices this summer will hinge primarily on the outcome of the U.S. crop and foreign demand prospects.

Farmers intend to plant about 55-1/2 million acres of soybeans, down slightly from 1973. But with a bigger carryover, total supplies would rise to a record 1.8 billion bushels. This will be above prospective needs and stocks will rise further by the fall of 1975.

Early forecasts indicate a 1974 U.S. wheat crop of about 2.1 billion bushels, a fifth more than last year's record. Farmers are responding to favorable prices and the 1974 wheat program by increasing acreage.

Disappearance will tail off during January-June. Many foreign buyers who bought early will likely limit further purchases, but exports will set a new record -- 1.2 billion bushels. Domestic use may lag behind last year as less wheat is fed. Heavy exports and prospects of small stocks pushed wheat prices to record levels. Farm prices are holding at well over \$5 per bushel. The futures market indicates prices may weaken somewhat by next July.

Old crop wheat stocks next summer are projected to be the smallest since the summer of 1947. To alleviate the concern of domestic users about the adequacy of supplies, we have launched a 3-point program:

- 1) Encouraging foreign buyers to postpone purchases until new crop wheat is available;
- 2) attempting to persuade the Canadians and Europeans to increase their supplies for export;
- 3) temporarily removing barriers to the importation of wheat into the United States.

If markets are allowed to function, there will be no shortage of flour in the United States. World wheat stocks are large enough to allow a transition from old crop to new crop wheat without a disastrous runup in domestic prices.

Retail bread prices rose 28 percent in the last year and averaged 31.9 cents a 1-pound loaf in December. Some further increase is likely as processors pass on recent cost increases. The farm value of wheat in that loaf rose about 50 percent last year to 5.6 cents in December. Still it accounted for only 17 percent of the total retail price of bread. The flour-miller spread increased 50 percent. The baker-wholesaler spread lagged, so it probably will continue to adjust.

With bigger 1974 crops, demand for transportation services will continue strong, especially for grain and soybeans from major producing areas. The supply of railroad cars and trucks will not fully meet needs. We anticipate problems in Northern tier States and from more distant points elsewhere. Still, commodities will reach ports and terminal markets.

Agricultural shippers face higher transportation costs as carriers pass on higher fuel costs, and other costs associated with lower speed limits and general price increases.

Problems in shipping grain and perishables by rail are likely unless substantial improvements in equipment utilization are made. This would add to demand for truck movement. Although agricultural truckers should generally receive basic fuel needs, severe local shortages could develop. Fuel problems are expected to be greatest for shippers of perishables.

The bigger feed supplies later this year will encourage expansion in meat output, but most of the impact will come in 1975. Meanwhile, the price ceilings imposed on meat in 1973 and high feed costs continue to affect output. Farmers hesitated to put more cattle on feed last summer and fall, so most of the moderate increase expected in beef output will come in the second half. Pork producers have been reluctant to expand production in the face of high feed prices and market uncertainties, but some recovery is expected in the second half. Poultry producers are taking steps to moderately expand 1974 output.

The 1973 market disruptions are also still affecting other foods. Prices for practically all major categories have been increasing this winter, reflecting tightening supplies, higher farm prices, and rising costs of processing, transporting, and distributing. Grocery store food prices this winter may average around 5 percent above the fourth quarter of 1973, including the sharp January advance.

A marked change in the food price situation is in prospect later this year. The rate of increase is expected to slow during the spring with prices perhaps 2 to 3 percent above first quarter levels. Retail food prices would level off after midyear and perhaps decline slightly toward the end of the year. The average for all of 1974 may be about 12 percent above 1973, less than the 14-1/2 percent increase between 1972 and 1973.

In contrast to 1973, most of this year's increase in retail prices will result from increased marketing costs. Rising wage rates, energy and material costs and transportation charges will continue the upward push on marketing costs and margins through the year.

The problems of low-income citizens in adjusting to rising food prices were considerably eased by last year's legislation. Under that legislation, the Department has raised eligibility levels for Food Stamps and the value of Bonus Food Stamps to reflect the rises in food prices. Similar adjustments will be made every 6 months. We anticipate a substantial increase in the number of families participating in the food stamp plan.

The legislation also provides for closing out the Food Distribution Program for families. In addition we are taking a look at the remaining program which provides commodities to schools and institutions. There is a serious question whether this system, which was designed to make use of foods acquired under our price support programs, should be maintained or converted into a cash plan or a voucher plan analogous to the Food Stamp Plan.

If the energy crisis results in increased unemployment the Food Stamp Program will be available to those temporarily out of work.

In summary, 1974 will be another strong year for agriculture. World and domestic demand is strong and supplies are likely to remain fairly tight. Farm prices for both crops and livestock will average higher than in 1973, but with stocks generally low, markets will continue sensitive to changes in prospect for the growing crops.

Farmers will pay much higher costs of production and will find supplies of many inputs short of requirements and priced very high. Though shortages may be critical in local areas, generally farmers will be able to get the crops in, tend them, and harvest them. Given good weather, they will produce a record output this year, demonstrating

once again that given the stimulus of a free market environment, farmers can and will produce for abundance. The increased supplies coming on the markets beginning in summer will ease much of the pressure on retail food prices. They should begin to stabilize by summer.

Although farmers' prices and production will increase, their costs are rising even faster. Consequently, the net income realized will be down \$1 to \$2 billion from the high level of 1973. The 1974 income still will be second highest on record by a good margin.

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STATEMENT OF EARL L. BUTZ
SECRETARY OF AGRICULTURE
BEFORE THE
SUBCOMMITTEE OF THE HOUSE APPROPRIATIONS COMMITTEE

March 4, 1974

Mr. Chairman and members of the subcommittee: As always, I appreciate the opportunity to appear before this distinguished Committee in support of the budget for the Department of Agriculture. I am confident that again this year, this Committee will act in the interests of that part of the economy which provides the food and fiber on which the rest of us depend.

Agriculture and farmers have done well this last year. Farmers' realized net income in 1973 was more than \$26 billion--up from \$19.7 billion last year. All in all, agriculture is in better shape today than it has been for a long while.

We can be proud that this improved financial standing has come from the marketplace, not from the taxpayers' pocketbooks through government subsidies. This represents a big step and a difficult one. It started with the Agricultural Act of 1970 and continued with the passage of the Agriculture and Consumer Protection Act of 1973. These legislative measures have turned around 40 years of government involvement in farming. Farmers now can make their own management and cropping decisions. Traders and others are free to enter the marketplace for grains without having to worry about whether the government will release huge stockpiles of grain the next day.

March 21

Our U.S. farm economy not only is fulfilling our own domestic needs but is responding powerfully to new world demand pressures and crop shortfalls. In the 1973 calendar year, it exported an eye-opening \$17.7 billion worth of commodities and products-- a rise in value of 88 percent over the 1972 level. As a result, we now have the first favorable balance of trade in three years.

The 1973 agricultural trade surplus of \$9.3 billion wiped out a deficit of \$7.6 billion in non-agricultural trade. This left the nation with an overall 1973 trade surplus of \$1.7 billion, our first trade surplus since 1970. That is stabilizing the dollar, strengthening our international trade posture, and helping pay for much-needed oil and consumer goods that add to the level of living of all Americans.

There are some in this country who seek to put limits on our exports, especially on wheat and cotton. But we in the Department are adamant in our position that such limits should not be. Farmers must have free access to the markets of the world.

Even as we cite the positive advances of last year, tighter fuel and fertilizer supplies are likely to push farm production costs further. Already, prices paid by farmers for labor, equipment, supplies, and interest on loans have shot right along with prices farmers receive for their produce. In some localized instances, some serious adjustments will have to be made to circumvent the challenges presented by shortages of inputs farmers need.

Right now we are riding on a crest. It's difficult to make wrong production decisions when the market will take everything you can grow. It's difficult to make wrong marketing decisions when corn is \$3 a bushel and soybeans are \$7, or wheat \$5. It's not likely that grain prices will stay at these prices forever. We expect strong markets through 1974 and probably into 1975. What happens after that, no one really knows. I, personally, am optimistic about the continuation of strong demand.

Practical Limitations to Production

As farmers across the nation put pencil to paper and make plans for sharing in the new production opportunities, they will be looking for data and facts on which to base their individual decisions. In providing such assistance, we must be as factual as possible. While it is my belief that we should be optimistic, nevertheless there are some practical limits to production that farmers should know about before they make their final determinations. The public should be aware of some of them too.

Limited Number of Acres

First, the number of acres available for additional production is a physical limitation. Removing legal restrictions to planting does not automatically mean that every acre will be cropped. Sometimes expansion requires sizeable additional investments in equipment, hiring of additional labor, or other production inputs not immediately available. Add to this the inborn reluctance of many farmers to jump into a new situation, and it's unlikely that every available acre will be planted immediately.

The additional acres available for 1974 production include 16.8 million acres of 1973 set-aside, plus about 19 million acres freed up for 1973 production but not used. Also there are about half a million more acres of long-term cropland adjustment program land in conservation uses that may be released from contract that could go into crops.

Much of this land will not go into crops. Actually we expect about 10-16 million more acres in major crops in 1974 than in 1973, and not all that will go into wheat, feed grains, soybeans, or cotton. Our totals represent what could be planted to all of the major crops.

Not all the land pulled back into production last year was top quality producing land. We can expect that, as additional acres are brought into production, average yields may drop, more fertilizer will be required, and in some cases supplemental irrigation also will be needed.

Must Keep Some Land in Grass

We must also include as a limitation those acres which were put into grass and trees to tie down the land and keep it from blowing and washing. In our enthusiasm for newfound marketing opportunities, we must not risk creating another dust bowl. At the same time, we need not be unduly influenced by pressures from what some people refer to as the "cult of conservation" that has sprung up during the past 30 to 40 years which would prevent tilling any land on which grass now grows.

In that matter, it seems to me there is room for a trade-off. It should be based on local conditions, with strong inputs by local leaders who recognize local needs and conditions better than central planners in Washington.

Water Limitations

Another limitation has to do with the amount of water available to bring new land into production. Livestock producers and dairymen have learned not to push too many cows onto limited pasture. They know that when they have enough animal units to use all the grass for which there is available water, they must stop. This is a practical limit on livestock or dairy production.

We have the same kind of limit with grain. We push corn as far west from the corn belt as water is available and then we yield to grain sorghum or wheat.

Irrigation alters the limit to some extent, but irrigation takes a lot of capital. In many places, the water table is receding faster than the rate of recharge. State and local governments are greatly disturbed over the rate of use. Many have imposed some legal limits on rates of withdrawal. Some communities have acute competition between water for people and water for crops. Where costs of reclamation run too high, there is a very real question whether society can justifiably use tax dollars to provide water for agricultural production. It may be in the national interest to find needed additional production more cheaply somewhere else.

Availability of Services and Supplies

A built-in limit on production has to do with the availability of machinery, parts, fuel, and other services and supplies from off the farm. That's true, even though our high degree of mechanization constitutes the chief reason American agriculture is able to produce high quality food and fiber in such great quantities. The extent to which these off-farm goods and services continue to be available will partly determine the amount of increased production we can expect.

Costs Limit Profits

Cost also is a limiting factor. Not only is fertilizer costly, for instance, but you don't get an equal response from every additional application of fertilizer. After the first 300 or 500 units--or whatever the recommended application may be--additional increments of fertilizer do not produce the same amount of increase. It's a limiting factor directly related to the farmer's net profit.

Chemical Fears

Environmental constraints may severely limit agriculture's capacity to produce. There is no doubt in my mind but that we must get our environmental concerns in order if we are to have the food we want. The pressures against using chemicals believed to be injurious to humans or to animals cause farmers and others to spend far too much time defending the legitimate use of insecticides, herbicides, and antibiotics. People must decide whether they prefer the howl of the coyote to an economically priced sirloin, the absolute safety of the total ban on DES (diethylstilbestrol) to the relative safety of DES-fed beef which has high quality and is more abundant and reasonably priced.

Society and government rightly should be concerned about public health and safety. But sometimes emotionalism prevails when the public interest and economy might better be served by a more scientific approach to the problem.

Fuel and Transportation Shortages

Fuel certainly is a limitation. In 1973, farmers used about 4 billion gallons of gasoline, 2.5 billion gallons of diesel fuel, and another 1.3 billion gallons of liquid petroleum gas. If they are to increase production in 1974, they will need additional fuel, not to mention nitrogen fertilizer made from natural gas. We continue to monitor the fuel and fertilizer situation closely and are pleased with the high priority given to farm fuel needs.

Closely allied to fuel is the limiting factor of transportation. The transportation industry itself is a major user of fuel--primarily gasoline and diesel oil--and the switch to truck transportation from railways introduces new limits beyond shortages of rolling stock. Rate structures, regulations, availability of backhaul, trip-leasing and all the rigidities we've built into transportation through the years, plus the limitation of turn-around time of rail cars and trucks at ports and terminal elevators require continued teamwork between the transportation industries and government.

Research Provides the Key

Finally, another limit we face is in the field of research. Considering the complexity of public interests and needs, we in agriculture always wonder if the public will really support the kinds of research needed to get the breakthroughs we need. Research provides the key to expanding production from a limited acreage, with a limited amount of water and fossil fuels.

We've seen both physical and scientific breakthroughs in our lifetimes. But the breakthroughs of the future will be heavily scientific. Our geographical frontier is gone, yet the frontiers of the mind--the frontiers of science and discovery--are still before us.

Today farmers are operating from a position of strength. The public is more aware of the value of agriculture than ever before. Farm production has become an essential part of our foreign policy, and trade negotiations are not putting agriculture behind industry in importance.

Direct Payments

The 1975 budget reflects many of the changes which I have just described. For instance, more of the farmers' income now comes from the marketplace instead of from government payments. As a result, in the 1975 budget, direct payments to producers amount to only \$461 million, compared with \$2.5 billion in 1974 and \$3.9 billion in 1973.

Of the \$461 million in direct payments in 1975,

- \$175 million relates to the disaster provisions of the Agriculture and Consumer Protection Act of 1973 which require payments to farmers where production of wheat, feed grains and cotton is less than two thirds of normal production as a result of natural disasters;
- \$91.5 million is to carry out the Sugar Act program;
- \$4 million is for direct payments under the extra long staple cotton program;
- \$48.7 million relates to payments to farmers under the Cropland Conversion and Cropland Adjustment programs for contracts which were entered into in the mid-1960's and which will be paid off by 1978; and

-- \$141.8 million is for conservation cost-sharing and indemnity payments.

Legislation will soon be considered to revise the Sugar Act. In addition, we plan to ask the Congress to eliminate those provisions of the Agriculture Act relating to disaster payments since the Federal Crop Insurance Corporation has crop insurance generally available to protect farmers from such losses. We hope we can work with the Congress to develop legislation and reduce payments even below the levels included in the 1975 budget.

Food Programs

On the other hand, the food programs of the Department which include food stamps, child nutrition programs, commodity donations excluding P.L. 480, supplementary family feeding programs and nutrition education will amount to about \$5.9 billion in 1975. This will be about 64 percent of the Department's cash outlays in 1975. Only six years ago, in 1969, those same programs cost \$1.2 billion and represented only 14 percent of the Department's budget.

In 1975 the food stamp program is expected to cost almost \$4 billion. Also, we are asking the Congress to appropriate an additional \$500 million in supplemental appropriations for 1974 for this program, bringing 1974 costs up to \$3 billion. These increases are the results of new legislation which required that this program be made available in every area in the country, increased the bonus value of the coupons, and increased the number of persons eligible for the program. Legislative changes in the school lunch program also increased costs by requiring that the government's payments per lunch be increased.

In the President's budget message, he indicated that he plans to seek legislation to transfer the food stamp and related nutrition programs of the Department of Agriculture to the Department of Health, Education, and Welfare. I have discussed this idea with this Committee before. These are welfare programs. The transfer of them to HEW will put them with the other welfare programs of the government where they can be considered as a part of a total welfare program.

Commodity Credit Corporation

The amount of money we expect to spend for the operations of the CCC in 1975 is well below \$1 billion. This is the lowest amount for CCC activities since 1958. As agricultural commodities move in the marketplace directly to consumers instead of into CCC inventories, our costs will go down substantially. For example, in 1972 costs for storing, handling and transporting CCC inventories amounted to almost \$265 million--\$725,000 per day. In 1975 these same activities will cost only about \$18 million or about \$50,000 per day. These 1975 CCC costs will come primarily from the feed grains and rice programs.

The 1975 budget does anticipate substantial increases in production for the 1974 crop year. We now expect wheat production to be up by about 20 percent over the 1973 crop, feed grains by 14 percent and cotton by 5 percent. We expect year-end inventories of all of these commodities to be higher by the end of the 1974 crop year than at the end of the current marketing season. Most of these inventories will be free stocks and not under the control of the Commodity Credit Corporation. Although soybean production will be down slightly in 1974, we expect year-end inventories to climb. However, these inventories will also be in free stocks and will not add to CCC costs.

Conservation Cost-Sharing

In the 1975 budget we are proposing the consolidation of several separate conservation cost-sharing programs. During the past 38 years, beginning with the Soil Conservation and Domestic Allotment Act of 1935, a number of separate conservation programs have been authorized which permit cost-sharing with farmers. The first of these was the Agricultural Conservation Program.

Later legislation was enacted to authorize a special Great Plains program, an Emergency Conservation Measures program, and a Water Bank program. The new farm bill authorized long-term cost-sharing nationwide and a Timber Incentives program. In the 1975 budget we are proposing the combination of all these authorities. This combined program will provide for annual and long-term cost-sharing for soil and water conservation, timber incentives, long-term cost-sharing for recreation and wildlife, and emergencies.

We expect to enter into agreements with farmers under this program in 1975 to the amount of \$138.2 million. However, in line with the Committee's directive in its 1974 Conference Report, the amount shown in the budget for these programs reflects only their 1975 costs. The future year costs of long-term contracts entered into in 1974 and in 1975 will have to be provided for in future budgets. Our estimate of the total amount required in future years is \$75.8 million. We believe that this level of funding is in line with the actions of the Congress in recent years in providing funds for these programs.

Research Extension, Regulatory and Control Programs

We are proposing increases in 1975 in a number of our research, extension, regulatory and control programs. Domestic production is nearing capacity level. Domestic and foreign demand are continuing to increase. Higher income and expanded welfare programs have increased consumer demand for meat and will continue to exert pressure on meat prices. Livestock production, however, has not kept pace with increased production of other agricultural commodities. Research is needed to reduce the cost of meat production. More crops research is needed, particularly in the area of soybean yields. Increased work needs to be done in the important area of improved control and use of pesticides. In addition, as authorized in the Ag Act of 1973, we are planning to carry out a study in 1975 on the possibilities for a program to eradicate the boll weevil. As in the case of the Federal government, the operating costs of the State extension services and the State experiment stations have increased and we have included a request in the 1975 budget to meet their increased operating costs.

The 1975 budget includes a number of changes aimed at protecting our livestock industry. We are continuing our work with the Government of Mexico in the screwworm eradication program with the hope that the biological barrier which we have developed between the United States and Mexico can be moved to the Isthmus of Tehuantepec where it will be much less expensive to maintain. We are also planning to work with the governments in Central and South America to establish a barrier zone for foot and mouth disease so that upon completion of the Inter-American Highway we can protect our livestock industry from this dangerous disease. We have also asked for funds for the construction of a veterinary biologics laboratory at Ames, Iowa.

Agricultural Economics

Farmers continue to rely on the Department for facts upon which they can make their production and marketing decisions. We must be assured that the information that we provide to them is accurate and timely. In our 1975 budget we are asking for increases for the Statistical Reporting Service and the Economic Research Service to improve our forecasts and to update information on the cost of producing wheat, feed grains, cotton and milk.

Rural Development Activities

Loans and grants for water and waste disposal systems, community facilities, and business and industrial development will be increased from \$760 million in 1974 to more than \$1 billion in 1975.

Housing loans and grants are projected for 1975 at more than \$2.1 billion--about the same as the 1974 level. The housing program for 1975 puts greater emphasis on the use of existing housing, rental housing, home repairs and rehabilitation, and makes housing loan programs available to a greater extent to persons with the greatest housing needs.

Guaranteed and insured rural electric and telephone loans are budgeted at \$2.3 billion in 1975--an increase of almost \$400 million over last year and an increase of \$1.4 billion compared with fiscal year 1973.

Foreseeing the Future. To forecast the future always has been difficult but now that agriculture basically is on its own two feet again, this committee and the Department can feel fairly optimistic about what may be in store for agriculture and farmers for the next few years. Certainly there will be problems and problems often necessitate change. If we can keep our programs flexible and keep our goals founded on abundance and peaceful international trade, we will be able to bring to rural people many of the economic and physical amenities of life that have by-passed them for so long. This concludes my statement.

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Statement of the Honorable Earl L. Butz
Secretary of Agriculture
before the
Senate Finance Committee
March 6, 1974

It is a privilege to come before this group in support of the Trade Reform Act of 1973. My belief that this is one of the most important pieces of economic legislation to come before the Congress in recent years has been reinforced by events since I expressed that view before the House Ways and Means Committee last May 11.

At that time, I told your Congressional colleagues that we need this bill for three primary reasons:

- * To take full advantage of the growth potential of this country's agriculture;
- * To help generate economic expansion, and
- * To reduce our trade deficit through expanded agricultural exports.

We have witnessed a rush of change in world commerce since last May -- most dramatically in the case of oil -- and this has been true in agriculture as well. In the wake of world crop shortfalls in 1972, the concerns of the trading nations have broadened to include access to supply as well as access to markets. Frantic demand for some agricultural commodities has bid prices to all-time highs. We have seen price controls on food in our own country, and export controls on some farm products in this and other countries.

At the same time, U.S. farm exports have surged to unprecedented records--almost \$13 billion last fiscal year and an anticipated \$20 billion in the current fiscal year.

MARCH 6

The public has reacted by blaming our high level of agricultural exports for its food price problems and by calling for export controls. You probably are also wondering why agriculture wants to negotiate freer trade when it has had all it can do to meet current export demand. Why does agriculture want this legislation?

I'd like to suggest four reasons why we want it, and why we need to negotiate more than ever in this period of uncertainty in world trade.

1. An Interdependent World Demands a Rational Trading System.

The confusion in wheat, the panic over soybeans and the chaos in oil the past year have demonstrated what we all have known, but perhaps not faced; that no country can go it alone any longer. Combinations of more people and more income have brought standards of living, whether based on extra rice in the bowl or a second car in the garage, that are beyond the capacity of any single country to supply domestically.

This world is interdependent. To function, it requires a rational use of resources in which each country produces what it produces best, and production is distributed through a system of trade in which producers have equal access to demand and consumers have equal access to supply.

It is plain that such a system does not now exist. It is equally plain, to me at least, that the multilateral trade negotiations in Geneva, with 101 nations taking part, offer what may be the last chance to move toward such a system and away from today's accelerating bilateralism and regionalism in what appears to have become a "hog rattle" for the world's resources.

U.S. agriculture, U.S. industry and the U.S. consumer all have a big stake in negotiating a more rational trading world. The United States needs to go into these negotiations with the strong hand that the Trade Reform Act will provide.

2. Rational Trade Holds the Solution to Food Security.

As I have suggested, an immediate concern of our people and those of other lands is the assurance of an adequate food supply -- that their requirements will continue to be met, and met fairly. This is an important matter, and one which should certainly be explored in the forthcoming negotiations. And it is another reason why I consider this legislation so vital -- because it will give us the flexibility we need to go out and do a proper job for the American people, in cooperation with our trading partners.

It is all too easy, in a period of agricultural supply pressure, to look for quick and seemingly straightforward solutions -- but all too often such solutions only aggravate the situation over the longer-run. We have seen this demonstrated in our recent experiences with price controls on meat and export controls on soybeans. In both cases, controls proved to be counter-productive -- they did not help increase production, which is the only true solution when supplies are short, and they did disturb and distort the marketing system for those supplies that were available. Let's face it -- we in this country live in a price-oriented economy, and when we tamper with the price-setting mechanism of the marketplace we usually lose far more than we gain.

Production, not control, is the key to supply, and, short of state control of agriculture, the key to production is the pull of the market. And even state control of agriculture doesn't seem to get the job done. American farmers this year will plant and harvest 40 million acres more than they did two years ago, and they are doing it in response to market demand. If we are to feed increasing numbers of people on finite expanses of land, I believe our first objective in negotiations must be to continue to move toward a more rational use of the world's agricultural resources, one in which each country produces what it can produce best because market competition demands it.

Stockpiling policy is another aspect of food security which must also be faced during the course of negotiation. Food reserves are important. Such questions as how they are to be acquired, where stored, and how dispensed must be explored. But we must remember that the answers begin with production. To talk of building up reserves before we have talked of how to make sense in production is to put the cart before the horse.

I believe as strongly as ever that we should go into these negotiations seeking a solution that is compatible with free market principles; a system that stimulates production where it is most economical to do so; one that seeks to unclog marketing and distribution bottlenecks that make for short supplies; one that encourages a frank interchange of production and buying intentions as a guide to farm output; and one that fosters an equitable sharing of reserve stock burdens for both commercial and food aid contingencies. The Trade Reform Act will give us the flexibility we need to do this.

3. We Must Secure Market Access for the Long-term.

For the time being food security, not market expansion, has become a dominant theme. Nevertheless, we should not permit the distractions of this hectic period to let us take our eye off the original goal in international negotiations. That is the goal of freer trade, based on comparative advantage in the market. It is the only goal that offers a highly competitive U.S. agriculture the chance to realize its full potential for growth -- because that growth lies in exports, among the more than 3 billion increasingly affluent consumers who live beyond our borders.

We still need to negotiate for freer agricultural trade in the midst of a \$20-billion export year because this level of agricultural trade is not guaranteed. It is the history of world agriculture that supply problems are temporary. The conditions that produced the dramatic upsurge in our exports are transitory. World crop production has turned upward -- to a record last year and what we anticipate will be another record this year. There are prospects for stock rebuilding to begin in some commodities this year and more in the next. When the cycle of shortfalls, depletion and rebuilding is completed, U.S. agriculture may be facing the same competition as before the world droughts of 1972, and, unless they can be removed, facing the same trade barriers that have placed a heavy and accelerated drag on the export of U.S. agricultural products.

I believe we must attack border protection first; get rid of those nontariff barriers and let prices do the job they are meant to do -- that of signaling both producers and consumers how to bring supply and demand into line. I also recognize that the domestic farm programs of our

major customers are at the root of the problem. However, it is completely unrealistic to think that the European Community -- or the United States for that matter -- would make domestic policies the primary focus of negotiations. Thus, let's start with the border measures -- and the export subsidies. If progress can be made on border measures first, this could involve changes in internal price supports and methods of maintaining farm income which would **also merit international discussion.**

That is why we need to negotiate on agricultural trade now, even though agricultural exports are breaking all records.

4. A Strong Agricultural Trade Gives Continuing Benefits to the Economy.

We need the Trade Reform Act to give the United States a firm international posture and dollar stability in this era of confusion and uncertainty in world trade. The shortages, the price increases across almost the whole range of raw materials -- agricultural and industrial -- have set countries to pondering new currency and export-import control schemes to conserve or create foreign exchange. If we are to avoid a proliferation of these restrictions on trade, we need to signal our trading partners that the United States is eager and ready to follow through on its commitment to join other nations in search of a more open and rational trading world.

At the same time, we need a continuing high level of U.S. agricultural exports in the face of rising prices to bolster our own ability to import the oil, bauxite, tin, rubber and other raw materials that we must have from foreign sources.

Agriculture has consistently made positive contributions to the nation's balance of trade. It was the increase in agricultural exports that put the U.S. trade balance in the black in calendar year 1973 -- for the first time since 1970.

The figures show that agricultural exports of \$17.7 billion produced a record agricultural trade balance of \$9.3 billion. This remarkable contribution more than offset the deficit of \$7.6 billion in non-agricultural trade. It gave this country a favorable trade balance of \$1.7 billion, certainly a sharp contrast to the \$6.4 billion deficit in 1972.

I might add that we estimate an agricultural trade surplus in the current fiscal year of \$10 billion or more. That will pay for a lot of imports of raw materials and of the consumers goods that we have come to depend on to maintain our standard of living.

The benefits of a strong agricultural trade are not confined to the international arena. Agricultural exports make direct, if little publicized, contributions to the domestic economy.

The most obvious benefits, and certainly the most welcome to those of us in agriculture, are the benefits to farmers.

Exports have given the farmer opportunity to use all of his land and all of his machinery -- capital investments that cost the same whether fully used or not. The increase in exports brought more than 25 million additional acres of cropland into production in 1973, and expansion by another 17 million acres is expected in 1974. The harvest from 85 million acres -- one in every four acres cropped -- went into export in fiscal 1973.

Farmers realized more than \$25 billion in net farm income in 1973. That is a new record, and one-fifth of this return came from agricultural exports. The record income represents an increase of \$5 billion over 1972, and one-half of that increase is traceable to farm exports.

There have been benefits too, for the 200 million or more Americans who don't farm. Consumers benefit when export-oriented agricultural policies stimulate the general economy, provide jobs off the farm, and reduce tax costs. Even more importantly, despite the sharp price increases this past extraordinary year, the American consumer's best chance to get the most product for the least cost still lies in the freeing up of worldwide agricultural trade, so that our agricultural plant can operate at full capacity on a continuing basis.

Agricultural exports in fiscal 1973 generated almost \$29 billion in gross national product. That includes \$11.7 billion as the value of the exports to the farmer and more than \$17 billion worth of business for non-farm entrepreneurs and employees in such fields as transportation, storage, handling, and marketing. Sixty percent of the economic gain from these exports occurred off the farm.

This means that American agriculture today must be looked at as a growth sector for the entire economy. In a healthy economy people are moving from one job to another all the time. To accommodate this kind of flux in the labor market we need growing sectors in the economy. We need the kind of growth an export-oriented agricultural sector can stimulate.

More than 450,000 non-farm jobs in fiscal 1973 were related to the assembling, processing, and distribution of agricultural commodities for export. Add to that the farm workers required to produce for export, and the total is close to one million jobs related to producing and shipping agricultural exports alone.

Export-related jobs are not confined to the obvious areas of tilling the increased acres or handling and shipping the products for export. They reach far into the employment structure in industries which produce the supplies and equipment needed by growers and distributors of agricultural goods. Remember too that with additional income, U.S. farmers can buy more household appliances, more building supplies, more automobiles, and pay off more loans.

Finally, there are the reduced costs for the taxpayer. The substantial rise in exports has enabled the farmer to depend on the market for his living. This has brought changes in the domestic farm program that are expected to have cut program costs by \$3.5 billion in two years by the end of 1974. Costs were \$4 billion in 1972. They were down to \$2.6 billion last year, and we are estimating less than one-half billion dollars in 1974.

Those are some of the things at stake in negotiations on agricultural trade. If the United States is to profit from these negotiations by achieving for agriculture the opportunity to attain its full growth, we must have the provisions of the Trade Reform Act of 1973.

As a brief review, the bill would give the President broadened authority to raise or lower tariffs when negotiating trade agreements. It also would authorize him to negotiate on all non-tariff barriers, which have become a proliferating cripple of agricultural trade.

At the same time, the proposed Act contains carefully prescribed procedures to be followed in negotiating on our own agricultural restrictions. Public hearings would have to be held, and, most importantly, any part of the negotiated outcome that would require change in the domestic law would have to come back to Congress for review. Here, we would expect the burden of proof to be on us, to show that substantial benefits for U.S. agriculture would result from any concessions we offered.

An important part of the process of preparing for and conducting negotiations will be the consultation procedures prescribed by Section 135 of the Trade Reform Act. These procedures include the establishment of several advisory committees to represent U.S. agricultural interests throughout the course of the negotiations. We think this process will be a fruitful one, and have already begun developing plans to put it into operation at the appropriate time.

This bill in its present form does present problems with respect to a few key issues -- for example Title IV -- but for the most part these have been addressed by others testifying before me. I do want to comment briefly on a couple of matters however. One of these has to do with the coverage of farm workers under the adjustment assistance provisions of Title II. We in the Administration intended that farm workers would be covered in the adjustment assistance program on the same basis as workers in other sectors of the economy. We hope that the Senate Finance Committee report will reflect this.

More troublesome is the question of how the sector provisions of Section 102 (c) are to be related to the goal of overall reciprocity in

in the negotiations. The goal of achieving market access for individual product sectors will not necessarily be achieved by sectoral negotiations, and in the case of agriculture almost certainly will not. As you may know, it has been my position throughout that this time around agricultural negotiations should not be separated from industrial negotiations. I simply do not believe we will get maximum benefit from these negotiations unless we are in a position to negotiate agriculture and industry on an integrated basis so as to achieve an overall balance of concessions. I hope that one of the results of your work on this bill will be a clarification of this Section to provide our negotiators with the kind of flexibility they must have in order to obtain the desired results.

Naturally, we expect to go into the negotiations prepared to offer to liberalize in return for liberalization from others. That is the essence of negotiations. But, I can assure you that we will not give anything away.

Judging from the reaction since the bill was first introduced in the House, there seems to be concern, particularly in the dairy industry, that this will not be the case.

Our dairy situation has had a long history of import problems. Under the dairy price support program, the price of milk to producers is supported through Government purchases of milk products at announced prices. When supplies of domestic dairy products are in excess of commercial demand, imports of dairy products would add to the surplus, resulting in the Government being required to make larger purchases under the dairy price support program. Therefore, nearly all dairy imports have been controlled by means of import quotas established under the authority of Section 22 of the Agricultural Adjustment Act, as amended.

In the past, the surplus of domestically produced milk has normally run about 5 billion pounds a year. However, last year domestic supplies of some dairy products were below commercial demand, and there were repeated spot shortages of dairy products in food processing industries. It has been possible to increase dairy import quotas temporarily without disrupting the market and causing support program interference and several such actions have been taken.

This has drawn a predictable, understandable, reaction from dairymen. However, the heart of the dairy import problem lies not in the administration of quotas, but in the artificially low price structure of imported dairy products. Large production and export subsidies and some other devices employed by a number of countries, particularly those in the European Community, destroy any competitive edge created by productivity and efficiency of American dairy producers. These same devices distort trade and put our farmers in competition not with foreign producers but with foreign governments.

If, in the multilateral trade negotiations, we can persuade our trading partners to rationalize the international trading rules regarding export subsidies, and limit or terminate those subsidies, it should be possible to substantially reduce or eliminate the problems created for our dairy industry by artificially priced imports here.

Certainly, this Administration is prepared to put the matter of quotas on the negotiating table, and just as certainly we are not going to give them away except for a return benefit and under conditions of fully fair competition. Furthermore, we will still have available a number of mechanisms, including countervailing duties, to protect our farmers against unfair import competition.

I have tried, in these few minutes, to suggest that the world trading system must be revised if there is to be a workable approach to security in food and other resources. I have indicated what a strong agricultural trade means to this country -- in terms of farm income; in terms of efficient production of food for our own use; in terms of jobs and a healthy economy, and in terms of the foreign exchange needed to buy freely in the world market.

This legislation -- the Trade Reform Act of 1973 -- is necessary if we are to create that more rational trading system and have the benefits which it can bestow. I urge its prompt enactment.

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SO REASON MIGHT RULE

The world in which we live was richly blessed by Nature with resources, with water, with plant and animal life. Nature gave us beauty, and seasons to break the monotony.

There is an order to Nature--a natural balance. Yet, when God made Man a little higher than the animals, Man set out to order Nature to his own design.

As growing population stretched Nature's capacity to provide for his needs, Man sought new ways to make Nature work for him. Out of that search came science--an orderly tool of leverage to obtain more and more utility from the resources Nature provided.

Man's significant progress began in agriculture. It took centuries for Man to advance from hunting to very rudimentary farming. Much later, a basically organic agriculture was transformed into a highly technical agriculture. A subsistence agriculture was revolutionized into a commercial agriculture--freeing hundreds of millions of people from producing food so that they might apply science to securing Man's growing non-survival needs and desires.

In the United States particularly, our progress has been phenomenal. As we accumulated wealth, and achieved satisfaction far beyond our basic wants, we became concerned for the purity of our environment--its cleanness, its healthfulness, its beauty, and its safety. We sought to minimize that which we considered to be harmful to the environment--including the pollution which was a byproduct of our progress and affluence.

Address by Secretary of Agriculture Earl L. Butz before the Symposium on Establishing a Rule of Reason on Toxicologic Issues, Washington, D. C., March 8, 1974, 8:00 p.m. E.D.T.

At the same time, we felt our fellow men competing with us for the right to determine the order of civilization. We grew increasingly concerned about the risks we faced.

Always an adventurer of sorts, Man had always willingly taken risks on his own. But those had been risks of his own choosing. More and more, Man came to see the risks he faced as risks other people were choosing for him. He was not so sure he wanted to face such risks and turned to government regulation to protect himself from undue risk.

The Body Politic in this country opted for a stringent system of public regulation which has placed very great demands upon our increasingly limited resources by seeking to end environmental pollution and to eliminate personal risk--while at the same time attempting to maintain an ever-improving level of living. During the last few years, however, we have been forced to give this policy stance second thoughts.

No longer can it be taken for granted that there will always be ample supplies of everything we want.

The energy crunch is the best example. Lumber and paper shortages during the past year are another. Tight food supplies--from very basic wheat to very special filet mignon--have prodded national thought off of apathetic dead-center.

This symposium is not for the purpose of discussing shortages--but its charge is more important than it might otherwise have been precisely because tight supplies of basic products have brought all of us down out of the clouds.

Clearly, Man cannot have all he wants to consume--and at the same time maintain a super-pure environment and a completely risk-free society.

The progress which has given Americans the highest standard of living anywhere has come as a result of Man's use of science to alter the environment in order to improve upon what Nature gave us--and his taking the risks necessary to make that progress possible.

If we are to continue to reap the benefits of technology in a time when the limits of our resources become more clear each day, we must first come to grips with just how we shall proceed to deal with our environmental idealism and our attitude toward risk.

If this symposium has one overriding objective it is to develop helpful criteria to be employed when making public judgments about the use of technology.

Some risk is, of course, unavoidable. Yet, means must be perfected for carefully assessing the degree of risk. Most critical, this symposium will hopefully set forth adequate mechanisms for balancing those risks against the anticipated benefits when judgments are made about the use of technology.

In short--reason must rule. Your charge at this symposium is to set forth the rationale for a Rule of Reason in the use of technology and to develop criteria for its application.

As you know, the Department of Agriculture intends to develop the theory and application of a Rule of Reason in the forthcoming public hearings on the use of herbicide 2,4,5-T before the Environmental Protection Agency.

More important, we need to perfect this Rule of Reason rationale in order to establish proper tenets for future judgments about technology--irrespective of the ultimate decision regarding the use of 2,4,5-T.

Today American agriculture is being seriously threatened by restrictions on the use of agricultural technology which--though perhaps well intended--have not been promulgated on any rule of reason.

The proposal to ban use of 2,4,5-T is but one example. This herbicide provides effective and economical control of herbacious weeds and brush on rights-of-way, rice crop land, pasture and range land, and forest land.

In rice production, 2,4,5-T is preferred over other herbicides because it has a less damaging effect on neighboring crops, and because it controls weeds effectively and economically without endangering human health and without unreasonable adverse effect on the environment.

The issue in the upcoming EPA hearings is whether the present registered uses of 2,4,5-T should be cancelled or whether they should continue. A Rule of Reason is vitally needed if the use of 2,4,5-T is to be given wise and realistic consideration.

Diethylstilbesterol (DES) use in sheep and beef cattle feeding is a second example. Cattlemen and sheepmen have used DES implants or DES in feed to improve the feeding efficiency and increase rate of gain.

In 1973, the Food and Drug Administration banned use of DES. Increasingly sophisticated detection devices found miniscule traces of DES in cattle and lamb liver. Under the Delaney Amendment to the Food, Drug and Cosmetic Act, which sets up a standard of zero tolerance, DES use was stopped--even though no proof has ever been established that such minute residues would have carcinogenic or other harmful effects when consumed by human beings.

Because of legal technicalities, the Food and Drug order banning use of DES was temporarily stayed. Recently the ban was vacated by court action in order that a public hearing can be held to examine all aspects of the issue. A Rule of Reason is vitally needed if the use of DES is to be given wise and realistic consideration.

In our range states, in sheep and cattle country, predators are a critical problem--coyotes in particular. For a time, compound 1080 was effective in killing coyotes--thus preventing coyotes from picking off lambs and sometimes new calves which cut our meat supply and thus increased meat prices.

But, since coyotes poisoned with 1080 were poisoning some bald eagles which preyed on the dead coyotes, 1080 was banned. The Body Politic decided to preserve the bald eagle. Public policy determined that 1080 would not be used to poison coyotes.

Recently a Federal judge ordered a temporary halt to an experimental program of coyote poisoning which had been approved by the Environmental Protection Agency. The Humane Society of the United States filed the suit involved.

When 1080 was banned, the public placed the bald eagle's welfare above the need for lamb and beef. When the experimental program was halted, the coyote himself was the victor. A Rule of Reason is vitally needed if any effective means of predator control is to receive wise and realistic consideration.

In the Northwestern United States, I viewed first hand late last Summer the devastation of forests which resulted from an epidemic of the tussock moth.

The only effective control method for the tussock moth is DDT. That pesticide has been banned--and our request for an exemption in 1973 was denied. There is no effective substitute. Our foresters were forced to stand by helplessly while the tussock moth took its toll. About a week ago, the EPA did honor our request to use DDT in 1974 if it is indeed needed.

No one can tell me that either Nature or Man was better off for this insect epidemic which DDT use in 1973 could have prevented. A Rule of Reason is vitally needed if the use of DDT--for an emergency such as the tussock moth epidemic--is to be given wise and realistic consideration.

With DDT and 1080 banned, with DES in limbo, with 2,4,5-T being questioned, and with increasing concern over use of nitrites, nitrates, ammonia, and antibiotics--as well as an equally growing mania for what has been termed organic farming--every aspect of the use of chemicals in agricultural production is threatened.

Without the use of fertilizers and agricultural chemicals, it would be clearly impossible to produce our present food supply. That which could be produced would surely cost considerably more.

Throwing away our present chemical technology in agriculture would turn back the clock at least 75 years. Someone would indeed have to decide which 50 million Americans would go without food--because we simply would not be able to feed our present population, even at subsistence levels, without the substantial use of fertilizers, pesticides, and antibiotics.

A Rule of Reason is vitally needed if the use of all chemicals in agriculture--all technology for that matter--is to be given wise and realistic consideration.

I have been extremely critical of public decisions made without benefit of a Rule of Reason. So have other scientists, farmers, and agricultural professionals.

Yet, we must recognize that such decisions have generally been based on noble intent. Furthermore, I cannot quarrel with the administrative and legislative processes which have tended strongly to take the side of conservative prudence in the name of health--because there seemed to be no better basis for making a decision.

On the other hand, it is incumbent on us, in light of the increasingly untenable position in which we find the use of technology, to come forth with a better basis for decision--a Rule of Reason--which will realistically and objectively weigh risks against benefits in regulating technology use.

We look to you who are present to suggest bases for rational judgment with respect to the use of the tools of agricultural technology--chemical and otherwise--to assure adequate food, fiber, timber, and energy for man.

We need adequate criteria for a meaningful evaluation of technology in agriculture that separates objective fact from subjective conjecture. That is a vital prerequisite for reaching conclusions based on a proper assessment of the risks versus the benefits from use of such technology.

Risk-benefit and cost-benefit analyses are becoming commonplace terms for expressing concepts. The techniques for application of these concepts have not yet been adequately developed.

Furthermore, the same science that yields new technology for use in agriculture is also helping man to more accurately measure extremely small amounts of chemical substances.

So the tools of analysis are being perfected--but we have not yet come to grips with what extremely small residues mean. What we need is a rationale for making judgments on the risk that is acceptable in return for the benefit to be obtained.

To the extent that we can set forth such a creditable Rule of Reason--a finite numerical level which is the dividing line between acceptable and unacceptable risk--that will be the extent to which reason will rule in the use of technology in agriculture.

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A GROWING POPULATION IN A WORLD OF FINITE RESOURCES

In the last year--the last three months in particular--the American people have suddenly become aware that we do not live in a world of unlimited resources.

For years our advertising thrusts and many of our educational programs have been directed toward an increased utilization of resources--both in the aggregate and per capita.

Our public utilities have employed home economists to encourage housewives to use more energy.

Our travel agents have vied with each other to induce travel to all parts of the land--and throughout the world for that matter.

Our automobile manufacturers added more power and more comfort gimmicks and more weight to cars coming off the assembly line, as gas mileage dropped. Our safety experts and environmentalists obtained legislation to mandate further devices on automobiles which also substantially increased gasoline consumption.

Our appliance manufacturers have stressed new convenience features on each new model--requiring more steel and plastic, and more energy to operate.

Even the paper manufacturers, acting in what I consider to be the best tradition of our enterprise spirit, were suggesting to business executives that they might present a better public image if they used heavier bond paper.

Address by Secretary of Agriculture Earl L. Butz before the American Paper Institute's Open Industry Forum, New York City, New York, March 12, 1974, 1:00 pm, EDT

Suddenly, we are in a new ball game. Every American has become more conservation conscious. We are becoming increasingly aware that the high and increasing rate of per capita resource utilization which we have experienced for the last 30 years cannot continue forever.

American society is taking a new, hard look at shifting resource use from non-renewable resources to renewable resources.

It is in this very realm that agriculture and forestry move to the front burner. Agriculture and forestry are fundamental keystones in America's component of renewable resources. Indeed, our primary business in agriculture and forestry is renewable resources.

We are chiefly energy converters. We convert the radiant energy from the solar system into a form we can use. At a time when our scientists and dreamers are seeking ways to effectively convert solar energy into consumable uses to solve tomorrow's energy problems, farming and forestry have been using the plant as a vehicle for conversion of solar energy for centuries.

But how efficient are we as solar energy converters?

Back in my days at Purdue University, I sought the answer to that question. I asked the Dean of Engineering--who was a professor of thermodynamics--how much solar energy falls on one acre of land on an average day.

After quick calculation, he responded that it was energy roughly equivalent to 4 tons of coal for one day. When I asked him how much energy a 125-bushel corn crop from one acre would be equivalent to, he said that it was energy roughly equivalent to 4 tons of coal in one year.

In our best farm production, we have learned how to capture in one whole year only as much energy as God pours on that acre every day. We capture only 1/360th part of that energy--less than three-tenths of one percent.

This same test can be applied to forestry production. Our Forest Service tells me that one acre of fully stocked southern pine forest on a good site will store energy in the form of wood roughly equivalent to only about 2.5 tons of coal each year. That is substantially less than two-tenths of one percent of the energy which falls on that acre of forest land each year.

Even if we were to quadruple our corn yields--and increase forest yields by six times--we would still be capturing only roughly one percent of that solar energy. The remaining 99 percent would continue to pour down, free for the taking. Even though agriculture and forestry, I am told, are far and away our best converters of radiant energy from the solar system--we still have a long way to go.

In forestry, we are determined to make progress in converting solar energy into renewable resources by increasing timber production.

The Department of Agriculture is now engaged in a new Forestry Incentives Program to encourage improved and increased forestry production.

This program was authorized under the Agricultural Act of 1973 as part of the new Rural Environmental Conservation Program. In the current fiscal year, \$10 million have been earmarked under this program for forestry cost-share payments to nonindustrial private forest landowners. The President's budget includes \$25 million for this program in Fiscal Year 1975.

We are just feeling our way with the Forestry Incentives Program. We want to make sure that we obtain significant returns for each dollar expended.

Under very dedicated and capable Forest Service leadership, I am confident that we are on a proper path with this program. Most important, we are determined that this program will yield the results we seek--increased timber production down the road.

Prospects for expanded production of timber in the United States are substantial.

We have 500 million acres of commercial timberland in the United States. Of this, some 364 million acres--or 73 percent--is in private ownership.

Most of this area--some 296 million acres--is in farm and miscellaneous private holdings. The remainder is in forest industry holdings.

Of the 364 million acres in private ownership, 175 million acres or 48 percent--just about half--is in the South where more rapid forest growth is possible than in the North.

I am told that slash and lobbolly pine plantations growing on the better coastal plain sites of South Carolina, Georgia, Florida, and Alabama are often thinned for pulpwood at as early as 15 years of age--and harvested for saw timber and pulpwood at ages 22 to 25 years.

Admittedly, these figures are far below what can be generally attained in the region, but they illustrate that we can make substantial improvement. With roughly half of our private forest lands in the South, the impact which significant improvement in these growth rates could have on timber production is sizeable.

Much of the timber management research now underway, by Forest Service research personnel and others, is directly or indirectly related to shortening the time between forest crops.

This research is concerned with genetic improvements as well as changes in cultural practices which will speed up production.

Research has shown that, with intensive cultural practices such as irrigation, fertilization, and weed control and genetically superior seed, slash pine trees 9 feet tall can be produced in just three years.

Research with loblolly and slash pines shows that on the more productive sites intensive culture of improved seedlings can increase fiber yields 20 to 50 percent.

Research with Douglas-fir shows that the use of superior strains can increase wood yields by an average of 12 percent--and fertilizing these superior strains can improve yields by 18 to 20 percent.

Clearly the potential is there--the science, the technique, the land, the inputs--to increase timber production on private forest lands and in our National Forests as well.

Extending the nation's timber supply is also being assisted by programs in utilization research--seeking to increase the efficiency and yield of timber-type products.

The STRETCH utilization research program of the Forest Service seeks this goal. A new sawing system being researched has the potential of increasing softwood lumber yields by 10 percent; a system to minimize edgings and slabs in the production of high-performance structural lumber promises an increased recovery of 15 percent; and a system to reduce saw dust waste has the potential of increasing yields by 25 percent. Other practices being research offer potential for even more efficient use of timber supplies.

The market for paper and pulp products in the United States has been booming--and it will continue to do so.

Consumption of paper and pulp products has increased from 17 million tons in 1940 to over 67 million tons in 1973. Annual per capita use in that period has risen from 254 pounds to 640 pounds.

If population and economic activity increase as generally expected, the demand for paper and pulp products is likely to continue to grow rapidly.

Forest Service projections indicate that by the year 2000 the total demand for paper and pulp products may reach 157 million tons--about 2 and 1/3 times 1973 use. During that same period, per capita demand of paper and pulp products is projected to increase to about 1,100 pounds--nearly 72 percent above 1973.

Large differences will occur in the rates of growth in the consumption of various products as a result of the development of new pulp-based products, inroads made by substitute materials such as plastics, changes in consumer taste, and varying rates of growth in major sectors of the economy. Most grades of product, however, are expected to show continued consumption growth--with container board likely to show the largest volume increases.

In recent years, there has been a great deal of experimentation with the use of paper for clothing as well as for sheets, pillow cases, and similar products for institutional use. These are large potential markets. However, most of the demand for paper and board in the future, as in the past, is likely to be for very work-a-day things such as containers, and for writing, printing, and sanitary uses.

Projected market growth for wood products will have a market effect on timber demand.

Domestic pulpwood production in the United States rose from about 5 million cords in 1920 to more than 76 million cords in 1973. Meeting the projected growth in demand for paper and pulp products would require an increase in United States production to 100 million cords by 1980 and to 160 million cords by the year 2000.

Such rapid growth, along with the growth in demand for other timber products, has important implications for the pulp and paper industry. It clearly means increasing competition for the available timber supplies and rising pulpwood prices.

Thus, the industry has a major interest in programs to increase timber growth and to extend timber supplies through improved utilization.

The Department of Agriculture, through its State and private forestry programs and its research programs, is working directly with the pulp and paper industry in increasing supplies of timber to serve future needs.

The supply of timber in this nation--and the total demand for timber products--are very important to the entire economy.

If timber supplies are insufficient to meet growing demand, builders and other timber material users will shift to competing materials such as metals, plastics, and concrete. Mineral-based products and steel have made heavy inroads in many traditional wood uses, in construction for example--while plastics have been increasingly used for such items as boats, furniture, and packaging.

Those shifts, however, come only at an ever-increasing cost. Shifts to other raw materials also can increase adverse industrial impact on the environment--certainly more so than the production of competitive materials from timber.

Energy requirements and costs of processing competing materials are also much higher than for timber products. When the serious problem of waste disposal is considered, timber products again are superior--not only in recycling, but also due to the fact that wood products not recycled for paper and board are highly biodegradable in contrast to most competitive materials.

Most important--shifting to greater use of non-timber materials means accelerated use of non-renewable stocks of ores and energy materials. Coal, petroleum, and natural gas once used are gone forever, and minerals can only be extracted at rising real costs.

Forests, on the other hand, constitute a renewable resource that can continue to produce timber indefinitely.

Efforts to produce increased crops of timber, in lieu of increasing dependence on substitute materials, may have much more justification than indicated by conventional cost-benefit analyses.

As a nation we cannot continue the high rate of per capita utilization of energy and resources that we have up until now; therefore, clearly, we must look increasingly to renewable resources such as timber.

This Department and this Government are dedicated to working with industry in order that we can do everything possible to expand our forestry production capacity and performance to serve the needs of the next generation.

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ONE NATION UNDER GOD

America is basically a Christian nation. The basic tenets that undergird our nation reach deeply into the history and philosophy of the Judeo-Christian tradition. While only a little over half of the American people are official church members and still fewer attend church regularly, somehow the effect is felt by all of us as a nation.

Some crusaders have tried to take God out of our schools, out of our government, and even out of our national life. But He has not yet been taken from our Pledge of Allegiance. He remains as a part of our literature, our philosophy, and our national heritage. He remains for many of us as a great source of personal and national strength.

When you take a quarter from your pocket, you find inscribed on it the words, "In God We Trust." That same inscription is on every coin and every piece of currency you carry. In no other nation around the world can you see on their currency or their coin or their postage anything like "In God We Trust," "In Allah We Trust," or "In Buddha We Trust." This basic trust in a Supreme Deity is a fundamental characteristic of the United States of America. It provides an extraordinary source of power and inspiration for all of us who would use it.

As a result, we have a fundamental faith that America is more than just another nation. It is a nation with a destiny--a great destiny. That destiny finds expression in the many forms of progress which have made the United States the world's most productive and most powerful nation.

Address by Secretary of Agriculture Earl L. Butz to the 25th Anniversary Dinner of Religion in American Life, New York City, New York, March 12, 1974, 8:30 P.M. EDT

While most of us do not wear our religion on our sleeve, we unashamedly acknowledge its impact on us. Nearly all of us very frequently, consciously or unconsciously, fall back on our fundamental faith in a Supreme Deity as a source of inspiration, of strength, and of comfort.

There is not a person in this room who cannot recall vividly the picture in his eighth-grade history book of General George Washington--wintering at Valley Forge with an army that was ill-fed, ill-clothed, ill-equipped, and in ill-health--having gone into the woods by himself, in kneeling pose, seeking courage and guidance and strength from the Almighty.

There is not a person in this room who does not recall from his early schooling those tales of how President Abraham Lincoln, struggling desperately to save the very nation he loved and to establish the principle of equality of opportunity for every human being, with folded hands in the lonely solitude of his White House office unashamedly sought guidance and strength from his God.

There is not a person in this room who cannot relive the drama that filled Constitution Hall in Philadelphia when the founders of our form of government struggled to hammer out a constitution that would become a model for the government of free men. After several days of apparent deadlock, when success seemed almost beyond the grasp of those men who struggled there, it was wise old Benjamin Franklin who said--"... the longer I live, the more convincing proofs I see of this truth, that God governs in the affairs of men. And if a sparrow cannot fall to the ground without his notice, is it probable that an empire can rise without his aid?" Franklin's wisdom broke the tension. The delegates turned to God, and with new strength and inspiration, success crowned their efforts.

Through 40 years of professional life it has been my privilege to know rather well a substantial number of leaders--both here and abroad--in education, in business, in government, and in the professions. I have observed that, with few exceptions, the higher men and women rise in responsibility the more humble they become in their open acknowledgment of and dependence on a power beyond themselves.

Because ours is essentially a Christian nation--and because the fundamental principles of the Judeo-Christian religion are so deeply imbedded in our basic governmental documents, in our system of jurisprudence, in our business ethics, in our community and family relationships--we are able to utilize this great power resource more effectively than many other nations.

America is basically a GOOD nation.

These are times when the history of GOOD does not dominate the news. It seldom does. The pages of man's history are filled with strife and struggle, with crisis and conflict, with disaster and disgrace. This is essentially the history of BAD.

Yet, through the centuries, and especially through recent decades, man has also been writing the history of good. Sometimes, it is not very clearly stated. Frequently it is not well articulated. Often it is obscured in the shadow of the bold headline that proclaims the bad and the sordid.

But the history of good is there, day by day, working tirelessly to advance the cause of Peace on Earth and Good Will Toward Men of every clime and every color.

There is a real history of GOOD to be written as it is enacted daily by all of us in these United States.

Yet, in these troubled times, many of us frequently fail to seize the opportunity to write the history of good.

The substantive history of good tends to be overshadowed by the contemporary history of bad. Usually the contemporary history of bad is a passing thing--it is transitory.

The history of good is not transitory. The history of good remains.

We build on it from generation to generation to generation. That is the history of America. If that were ever true, it is true today--in spite of what may have occupied the dominant space in the morning paper.

This is a GREAT Nation because it is a GOOD Nation.

This is a GOOD Nation because of our form of government.

It is democratic, and it is representative. It works in spite of a few imperfections here and there, but it has far fewer imperfections than any other system we can compare it with. It is more shockproof than any other system.

Government exists essentially to serve the individual human being and to enhance his happiness and his welfare. That fundamental precept is written into our basic philosophy, and into the articles which form the foundation of our government.

This is a GOOD Nation because of the freedom it gives to the human mind.

It is good because of our freedom of inquiry and our system of universal education. This philosophy was deeply embedded into this country in our founding days by the great intellectuals who put this Nation together.

Thomas Jefferson was among the greatest of those early Americans, because of his dream of what America could become. I am inspired even now to visit the Jefferson Memorial in Washington and to read the words chiseled in the marble inside the rotunda of that monument. That inscription is one of Jefferson's great writings: "I have sworn upon the altar of God, eternal hostility against every form of tyranny over the mind of man."

Jefferson was not speaking of the tyranny of kings, the tyranny of dictators, or the tyranny of despots. He was speaking of the tyranny of ignorance, the tyranny of prejudice, the tyranny of superstition, the tyranny of half-truth, the tyranny of untruth.

Many of those tyrannies float about today threatening the very fabric of which this Nation is made--the freedom of inquiry and the right of the mind of man to dream, to grow, and to achieve. Our continued goodness as a Nation will depend upon our success in thwarting such tyranny.

This is a GOOD Nation because we lead the world on the food production front.

It was Mahatma Ghandi, over a quarter century ago, who remarked that "Even God dare not approach a hungry man except in the form of bread." There is no point in talking to starving people about human freedom or human dignity or democracy. When a man is starving, the first thing on his mind is attaining his daily bread. Americans have learned how to speak the language of food around the world, and to use it as a powerful tool in the kit of international diplomacy.

This is a GOOD Nation because we are the world's peacemaker.

I am proud of my generation's record in achieving world peace--particularly in the past two years. This nation's leadership has recently made perhaps more progress than has previously been made in my lifetime toward the establishment of the fundamental conditions from which lasting peace is made.

We have rapport with the world's second most powerful nation--the nation that is gaining on us in productivity and in relative strength. We have established rapport with the quarter of the world's population that lived behind the bamboo curtain--whom we have pretended for 30 years were not there. We have now cracked open the doors of communication--not wide, but at least there is a crack in the door and it is widening. We have ended American involvement in Vietnam with honor. Our prisoners of war are home. We have led the march toward peace in the Middle East.

This historic progress on the peace front was achieved only through the moral leadership of America. She sought no territorial acquisitions. She came not as a conqueror. She came not as a dictator. She came not to subvert and undermine. She came only to build a peaceful and enduring structure for humanity.

This is a GOOD Nation because America has been a good neighbor in the world community of nations.

America poured in billions of dollars--and forgave billions more in debts--to help lift many nations out of the debris of World War II.

When distant nations are hit by earthquakes or famine or flood, it is the United States that hurries in to help. America has moved to prop up foreign currencies in danger of collapsing. America has helped rebuild the railways of major nations when they were breaking down with age.

Indeed, America has a great history of progress and greatness--a proud history of good--of permanent good. On one occasion when Mrs. Butz and I were at the White House for dinner, the President was philosophizing about the accomplishments of his Administration. He noted that an historian who had just been in his office had said that contemporary historians would write the history of his Administration in terms of the end of the Vietnam war, that he brought the prisoners home, that he accomplished several things.

That historian continued by saying that 50 years from now wise historians would sum up his major achievement in four words: "He went to China."

We are bringing to fruition the dream of the ancient prophet when he wrote--"Some day we shall beat our swords into plowshares and our spears into pruning hooks." We are at the dawn of that day.

That is the history of good. That is the substantial history of America. Many things these days and in this Administration will become a chapter, a permanent chapter, in the history of good. We must accentuate those accomplishments. We must not let those chapters get lost among the footnotes of history that will ultimately carry the record of the bad and the sordid.

America's power, under God, is your power.

Recently I had an experience I like to relive. I was set to depart Washington National Airport on one of those dreary, rainy, disagreeable, discouraging days that makes you wonder whether there is any reason why one should smile and be happy. The ceiling was low. The day was dark. A cold mist permeated the atmosphere. I wondered whether the sun could really be shining on a day like that.

I strapped myself into my seat. The pilot started those powerful motors, taxied to the end of the runway, and then paused momentarily. He received his clearance from the tower. The motors vibrated with power--and then the plane accelerated down the runway.

My head sank into the cushion behind me. At that point I was absolutely helpless. I could not stop the plane. I could not speed it up. I had surrendered myself completely to the pilot. Somehow I had faith that he knew where he was going.

The plane shortly lifted from the runway--and in a matter of seconds was in the midst of a layer of clouds so dense you could scarcely see the tip of the wing.

In just a few more seconds, the plane burst out of that cloud layer. Above was the bright blue sky. Below was the soft, white, billowy floor of clouds. Through the cabin window came the bright, warm rays of the sun.

I thought to myself--"Of course the sun was shining at Washington National Airport." My vision was so limited and my mind so finite that I could not grasp the idea that less than a mile away was bright warm sunshine.

I had to surrender myself to a power greater than I was to lift me above the clouds of despair, to dispell the dark curtains of hopelessness, to convince me anew that the day was bright, that things were normal, that there was work to be done--and power and inspiration to do it.

Looking back in history, that is the way that it has been with the great leaders who have molded and guided America. So it also is with you and me today. We need to surrender ourselves constantly to a deity greater than we are in order to gain the courage, to see the direction, and to feel the power needed to tackle the tasks before us.

As long as America remains ONE NATION UNDER GOD, and as long as her leaders follow in the great tradition of joining hands with that supernatural Power in time of success as well as in time of distress, then America will always be a GOOD nation ... and because America will always be a GOOD nation, America will always be a GREAT nation.

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USDA 698-74



FOOD SECURITY IS EVERYBODY'S BUSINESS

The world is perhaps more concerned now than it has been for many years about maintaining an adequate reserve supply of food.

For a good many years the United States and Canada essentially carried the world's food reserves. Neither country did it purposely or consciously. Reserves were carried as a by-product of price support programs that channeled surplus products into government ownership or control.

During those years, other countries that might have experienced chronic surpluses were able in the main to keep surplus reserves under reasonable control by pricing their products in the international market just under the release price established by the Commodity Credit Corporation.

Food deficit nations--those having to depend on heavy food imports to feed their people--were comfortable in the knowledge that substantial reserves were always available in the United States at a price not to exceed the CCC release price plus freight.

Under those circumstances, it is small wonder that very few nations, if any, were ever seriously concerned about the question of food security. It is small wonder that food purchasing nations did not build storage capacity for adequate reserve supplies either in their country or offshore.

It is small wonder that nations plagued by periodic drought or flood or pestilence never took adequate measures to insure their own food security--in view of the history that bountiful United States government-owned supplies were always available to meet emergency situations one way or other.

Address by Secretary of Agriculture Earl L. Butz before the Annual Meeting of the National Grain and Feed Association, Washington, D. C., March 13, 1974, 12:30 P.M. EDT

Now we are in a new ball game. The United States Government is out of the commodity business. We hope to stay out of the commodity business. We have a new farm program based on the philosophy that market incentives, rather than government directives, should guide farm production and marketing.

The absence of government-held stocks in the United States in no way signals an end to the need for adequate food reserves. It merely shifts responsibility for this function from the public sector to the private sector.

It probably is asking too much to expect the private sector to carry substantial reserves from one crop year to the next--and especially to carry them into the second succeeding crop year, as the government has often done.

On the other hand, we still have virtually the same storage capacity and the same handling facilities that we had when the government was heavily involved in the commodity business.

Most of this storage capacity has passed from public ownership to private ownership. Much of it has moved onto the farms of America. But the storage capacity is still there and the financing capability is also certainly available.

It now becomes the responsibility of the private trade to handle its own inventory. Consuming industries in this country must manage their own inventories from production season to production season. No longer can they bask in the soft comfort of bountiful government-held stocks. They must protect themselves through forward buying of one kind or another, or run the risk of market fluctuations and supply crunches.

On the foreign front, it will be necessary for purchasing nations to buy ahead. They can live on a hand-to-mouth basis no longer. They must acquire and manage their own inventories, located in their own countries or in the country of origin.

There is a great deal of talk about international food reserves. There are those who press for internationally-owned or internationally-managed food reserves.

While I am not one who subscribes to that philosophy, I do think that we indeed need more adequate machinery for reporting world food supplies and mapping world food needs by geographic areas and by nations.

We may well need a more adequate method of projecting potential needs for carryover food supplies. We may well need a better set of guidelines for individual nations to consider following with regard to their particular plans to maintain adequate food supplies.

Within that framework, however, each nation should be essentially left to its own devices to meet its own food and reserve needs.

In the United States we have a free market economy. For a period of nearly 40 years--under our farm programs of high price supports, production restrictions, and government commodity acquisitions--we seriously ruptured the operation of our free market system.

In the last couple of years--with our system of wage and price controls and a disastrous experiment with soybean export embargos--we came dangerously close to permanently crippling that system.

At the present time, however, market signals are dictating production and distribution. There are no government restraints on production. Farmers are free to respond to the economic signals the market sends them. Foreign buyers must compete on an equal basis with domestic buyers.

This means that the various institutions in the grain trade have a new responsibility to help the market system work. This means that the private grain trade itself now has a responsibility for maintaining reserves.

This means that managers of the grain trade must read economic signals, both onshore and offshore, with respect to geographical areas of surplus and deficit, and with respect to time periods of surplus and deficit--just as government personnel must read those signals.

This means that managers of the grain and feed business must stay tied to the system, even when they find themselves on "the wrong side of the market"--as they inevitably will from time to time.

This means that those who believe in a free export market when supplies come easy must defend it just as vigorously when supplies are tight.

We are in a period when all of us in the food business are under the gun for alleged high food prices. While it may be true that food prices, in the 10-year context, have not risen as much as the price of medical services or housing or a host of other things--it cannot be denied that food price increases in the last year have been rapid, have been substantial, and have irritated the public.

All of us in the food industry want to see people fed abundantly and at reasonable cost. Therefore, each of us must assume personal responsibility for conducting his business as efficiently as possible within the competitive structure in which we operate.

Ours is an incentive system. We are determined to keep it that way. But it would be completely naive for us not to acknowledge that this system is under attack. Growing numbers of people do not believe in the incentive system. Political demagogues daily rail against it and impugn the motives of its management.

It is the responsibility of everyone in this room to see that this incentive system works with maximum efficiency in moving food over that great distance between the wheat field of Kansas and the breakfast roll in the Philadelphia pastry shop, between the corn field in Iowa and the pork loin in the Chicago meat market, between the soybean field of Indiana and the packaged frying chicken in a Dallas supermarket.

Historically this food production and marketing function has been performed best with a minimum of government interference. The time is here--now--to demonstrate again that this system works and works well.

If we can do so, we will enter an era of food abundance at reasonable prices. This is the best possible way to assure food security for this nation--and for the world.

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CONSERVATION AND DEVELOPMENT--NEVER A GREATER NEED

After nearly half a century of chronic surpluses, American Agriculture is gearing up for all-out production.

Farm policy in America has made a 180-degree turn. Market incentives, rather than government directives, now guide farm production and marketing.

For the first time in the memory of most farmers, the shackles are off production completely. For the first time since most farmers started keeping farm account records, there is a handsome profit turning up on the ledger balances. Rural America is getting a real economic boost.

Some people greet this bright new day for American agriculture with two gloomy notes of skepticism: First, concern that all-out production will set back conservation efforts; and second, fear that economic gain for farmers will turn us away from our commitment to the development of rural America.

Not true, on either count, I say. Not true!

During years when the government was paying farmers to cut production, it was easy to sell a national philosophy of conservation.

Farmers accepted the philosophy. In an era of surplus production-- it made sense to adopt new conservation practices, to turn to grass farming, and to retire marginally productive areas. Besides that, there were effective Federal incentives in the form of cost-sharing and technical assistance.

Address by Secretary of Agriculture Earl L. Butz to the Annual Meeting of the Wabash Valley Association, Terre Haute, Indiana, March 16, 1974, 7:00 P.M. CDT

Neither the public, nor the Congress, nor consumers, nor foreign buyers objected to a national philosophy of conservation. Very few were concerned about inadequate supplies of food--or even the price of food. Besides that, conservation practices were consistent with growing concern about the environment and increasing demand for recreational facilities.

During years when the farm economy seemed blighted, it was relatively easy to sell a national philosophy of rural development.

When cutback and curtailment predominated in farm policy, when farm families were earning substantially less than their non-farm cousins were earning, and when economic decay and extensive out-migration threatened most rural communities--rural development offered hope.

Farmers, though reluctantly, learned to appreciate rural development. Where it succeeded, it provided part-time jobs for farmers, full-time jobs for part-time farmers, employment opportunities for farm wives and families, and better community life for all.

The general public, the Congress, and even urban dwellers saw the wisdom of rural development. To the extent that it succeeded, it stemmed the flood of population into the cities--which helped alleviate urban crowding and eased some of the economic and sociological pressures which were beginning to destroy our metropolitan centers.

Clearly, however, our shift from surplus control to all-out production in no way conflicts with our commitment to conservation; and our optimistic turn from rural deterioration toward rural prosperity in no way diminishes our commitment to rural development.

The sound objectives to which you have been committed for so long as members of the Wabash Valley Association are as important today as they ever were.

There should be no conflict at all between full production and sound conservation.

Every true conservationist, as well as every true economist, knows that sound conservation and full production go hand-in-hand.

Sound conservation is absolutely essential for full production over the long run. In turn, sustained full production is the real test of whether or not conservation has really been effective.

We are fortunate that American farmers have followed sound conservation practices in the past. Our farms were ready to respond to the need for full production when it expressed itself in the marketplace.

The demands placed on farm production in the year ahead will test our skill at conservation management.

Each class of land must be put to its highest use. In some cases the highest use will be heavy tillage. In others, grass or forestry will yield the greatest long-term benefits to landowner and society alike. In still other areas, some form of limited cultivation will be best--with contour farming, strip cropping, and rotation planting being the conservation tools required to attain the highest use of the land.

Clearly, careful attention to every aspect of soil and water conservation will be a fundamental prerequisite for sustaining production at capacity in the years ahead.

Your efforts to encourage sound conservation will continue to be vitally needed.

The unprecedented consumer demand for more food and fiber both at home and abroad challenges American farmers to preserve, protect, and improve their renewable natural resources of soil, water, and woodland while they respond to the lure of profits in the marketplace.

Farmers must use modern soil protecting tillage practices--such as minimum tillage or no-till where possible. These practices will save fuel too. Land unsuitable for intensive use should be left in grass or trees despite the temptation to plow it down.

Let us all not forget that farmers were the original conservationists--and they remain our best environmentalists. They live close to the soil--and love it. They live with the seasons--with the air, and water, and the biological processes. They understand and respect them.

Your efforts, coupled with the natural inclination toward conservation which farmers have, will help us to achieve the conservation necessary to maintain agriculture's capacity for full production in the years ahead.

You have a unique responsibility to assume leadership in working for a better informed and enlightened electorate so that wise decisions can be made in land use planning.

Sound land use policy that maintains the quality and the productivity of America's agricultural land must not take for granted.

The time is ripe for enlightened public decisions on land use planning. Farm people--and all of us in agriculture--enjoy a tremendous reservoir of public concern and good will.

A recent authoritative national survey--made by PACER, Incorporated--shows that 43 percent of the American people are afraid that we will have food shortages in 10 years--and that 96 percent of the people believe that land should be preserved for food production. More than half the people believe that farmers are both more concerned about the environment than the average person and that farmers do more about it.

These three broad-based public beliefs--people's concern about food supplies, people's belief that farm land needs to be preserved, and people's faith in farmers' commitment to conservation--make the time ripe with opportunity for making sound, realistic land use decisions.

Now is perhaps the most favorable time for agriculture in decades to be drawing up and implementing sound land use planning.

Rural development remains a necessity for a prosperous rural America--just as it was when the profit potential in farming was not so favorable.

The great boom in agriculture in the last couple of years will in no substantial way reverse any of the changes made in agriculture in recent years. Farms will not suddenly become smaller once again. Nor will they once again become more labor intensive or less specialized.

If anything, pressures for technological change will increase in farming--and the end result will be a constantly changing countryside. Rural communities must have the economic and social vitality to be a part of that change.

During the past couple of years we have made some progress in getting across to the general public the fact that, after all, farmers seek the same things other Americans seek--a fair return for their work and investment; and an opportunity for a good life for themselves and their families in a thriving community.

If we expect farmers to remain on the soil--and if we expect farm youth to return to farming--to produce the food and fiber needed for this nation and for expanding markets abroad, then we must be concerned about the communities which farm people call home.

Rural development does enhance the economic, social, and cultural vitality of rural communities--and it can help curb the escalating tax load that farmers have been shouldering.

But I do not have to tell you about the need for rural development or what it is. After all, that is largely what the Wabash Valley Association has been all about. You were interested in the fundamentals of rural development long before it became a public cause, long before it saw an act of Congress, long before an Assistant Secretary of Agriculture was appointed to guide efforts in that direction.

Success in rural development, however, is more dependent on what you do here in the Wabash Valley than on what is said in the news media, or legislated by the Congress, or administered in the Department of Agriculture.

The government can and will provide essential supplemental help for rural development--in the form of technical assistance and loans. But real progress in rural development will depend largely on the efforts of rural people themselves. Furthermore, only the people who live in rural America can guide programs in order to prevent undesirable development.

The record of the Wabash Valley Association is worthy of pride.

The Wabash Valley Association was solidly behind the goals of conservation and development before they became public policy. You continued your dedication after the crusading excitement of newness faded.

You were firm advocates of conservation and development when programs were in the dreamy drawing board stages. You did not run to new causes when conservation and development reached the stage of daily drudgery--where only hard, persistent, sweaty work would get things accomplished.

The reason your record is so sound is because this is a people's organization. It started out that way, and it has never been anything else. As long as the Wabash Valley Association maintains that solid orientation, you will always be right--not only about conservation and development--but about any other goal you seek on behalf of the people who live down along the Wabash.

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8 AGRICULTURE--GROWTH POTENTIAL NUMBER ONE

Agriculture is more than just living on a farm, tending livestock, and harvesting crops. Agriculture reaches all the way back through a vast complex of industries which provide farm production goods and services. Agriculture extends all the way forward through a highly sophisticated system of marketing, processing, distribution, and merchandising.

Agriculture's performance is measurable. The standard of excellence is an abundant and wholesome supply of food and fiber--delivered in the forms consumers want, when they want it, and where they want it.

During the last year in particular, an increasing amount of public attention has been focused on agriculture. Food is no longer taken for granted--and farmers are no longer forgotten Americans.

Unfortunately there is not complete public understanding of how much of our economy is involved in agriculture.

Farmers cannot provide our food supply by themselves. Farmers depend on the people who manufacture tractors, farm machinery, specialized equipment, and trucks. Farmers depend on the people who manufacture and deliver fuel and lubricants, fertilizer and pesticides, seed, and feed supplements.

Farmers rely on banks and other lenders for farm credit. They depend on weather analysis and market information. They seek every opportunity to keep on top of the latest in farm technology and the most modern farm management techniques.

Address by Secretary of Agriculture Earl L. Butz before the 22nd Annual Conference of the Great Lakes States Area Development Council, Ft. Wayne, Indiana, March 18, 1974, 9:00 A.M. CDT

Farmers depend on the transportation industry to move livestock and crops from feed lots and harvest fields to mills and plants and factories where they are processed into food--and then on through merchandising channels to consumers. Farmers also depend on transportation to move farm products to the docks to be loaded on ships for export.

Farm exports are becoming increasingly important to the American agricultural economy.

The production capacity of American agriculture far exceeds our domestic needs for food and fiber. Without exports, farm production would have to be cut drastically, per unit farm production costs would increase, and farm income would be insufficient to keep farmers on the land. Clearly, American agriculture must export to live.

We export the production of more than one-fourth of our harvested acres. In Fiscal Year 1973, exports absorbed more than three-fourths of our wheat production, more than two-thirds of our rice, half of our soybeans, half of our cattle hides, two-fifths of our cotton, two-fifths of our tobacco, and more than one-fourth of our feed grains.

In Fiscal 1973 approximately one-fifth of our net farm income came from agricultural exports--and about one-half of the increase in net farm income over Fiscal 1972 resulted from farm exports.

Farm exports are even more significant to the agriculture of the seven states represented by the Great Lakes States Area Development Council--Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio, and Wisconsin.

This Great Lakes Region is the heart of America's farm export area--accounting for just over 34 percent of all U. S. farm exports. Four of these states are among the nation's top ten farm export states--Illinois is first, Iowa second, Indiana sixth, and Minnesota seventh.

States in this region rank first, second, fourth, sixth, and eighth in feed grain exports--and you produce 57 percent of the nation's total feed grain exports.

Your states rank first, second, fourth, fifth, and sixth in soybean exports--and the region produces more than 61 percent of our total soybean and soybean product exports.

Your states rank first, second, seventh, and eighth in meat and meat products as well as seventh and tenth in poultry exports--and you account for 32 percent of our total meat and poultry exports.

Your states rank first, second, fifth, sixth, seventh, and ninth in dairy product exports--and this region accounts for 63 percent of the nation's total dairy exports.

The economic impact of our expanding agricultural exports extends far beyond the farm community.

Each dollar increase in farm exports means \$2.25 of business generated in the economy--and about 60 percent of that accrues to the non-agricultural sector.

On a gross basis, agricultural exports were responsible for generating an estimated \$28.8 billion in business activity in Fiscal 1973. Of that, only \$11.7 billion occurred in the farm sector.

The food processing sector alone received a more than \$4.8 billion boost, the transportation sector--\$1.7 billion, and the wholesaling and retailing sector--\$1.8 billion.

In Fiscal 1973, our farm exports directly or indirectly provided more than 450,000 non-farm jobs--in the service sector, in manufacturing, in the wholesale and retail trade, in food processing, and in transportation and warehousing.

Last year's jump in export volume tested the capacity of our channels of production and trade. It stimulated investment at critical points in the flow of economic activity, and boosted prices in areas of production where resources had to be bid away from alternative uses.

The value of sales of farm tractors rose more than one-fifth in Fiscal 1973. The backlog of covered hopper cars on order advanced from 3300 on August 1, 1972, to 15,200 on August 1, 1973.

Farm exports have saved the Federal Treasury expenditures for domestic farm programs.

Farm programs cost \$4 billion in Fiscal 1972; that was cut to \$2.6 billion in Fiscal 1973, and is expected to decline to less than \$1 billion in Fiscal 1974--thanks to growing farm exports.

Farm exports have also greatly reduced costs of storage and handling of commodities owned by the Commodity Credit Corporation (CCC). In Fiscal 1973, storage and handling costs, excluding transportation, of farm products held by CCC fell to only \$69 million--down sharply from \$120 million in Fiscal 1972, and \$476 million in Fiscal 1960.

Agricultural exports have strengthened America in the world economy.

Agriculture's trade surplus was \$9.3 billion in calendar year 1973-- that is the value of our total farm exports minus the value of farm imports of such things as coffee and bananas. That surplus was largely responsible for the United States being able to achieve its first positive balance of trade since 1970.

Without the contributions of agricultural trade, this progress would not have been possible. Without agriculture's contribution, the deficits of the last three years would have been greater than they were. Without agriculture's contribution, the American dollar could not have begun to regain its strength in the international money markets--as it has done since our balance of trade turned upward.

Substantial farm exports also permit the imports we want in this country-- such things as electronic equipment, small cars, and oil in particular.

We do not purchase oil with the currencies of Libya, Saudi Arabia, Venezuela, and Iran. We do not print those currencies here. We purchase that oil with exports of soybeans, feed grains, wheat, hides, and dairy products-- much of which comes from this Great Lakes Region.

In fact, agriculture's trade surplus of \$9.3 billion in 1973 was exactly the cost of this country's oil imports over the same period. Clearly, America's farm export surplus paid for last year's oil imports.

Farm exports offer great opportunities for solid and lasting economic growth in this Great Lakes Area.

First of all, we have turned farm policy around 180 degrees. We are urging farmers to produce--not paying them to cut back production. The signal to produce now comes from the market where strong incentive prices reflect the growing demand for farm exports.

Sustained growth in exports means growth in the input industries serving agriculture. It means a continued boost for the steel industry, the chemical industry, and the machinery industry.

One of the chief growth potentials is this whole business of handling and transportation--serving the foreign market as well as the domestic market. The Great Lakes increasingly will become a primary artery of traffic for the products which move out of this productive area to Europe and to other destinations as well.

Industry leaders who must make economic and investment decisions based on agriculture's growth potential must certainly have one overriding question: Will this export volume last?

Substantial farm exports will be a permanent feature of American agriculture.

We are looking forward to the upcoming trade negotiations under the General Agreement on Tariffs and Trade. We approach GATT in earnest, and I am optimistic our efforts will yield an even better pattern of trade for American agriculture.

Our basic confidence in a continuing program of trade expansion on a permanent basis rests on three critical factors:

First--the growing affluence of peoples around the world, their desire to live better, and their need to trade;

Second--the apparent growing willingness among many nations to negotiate for freer trade;

Third--the basic conditions of peace in which trade flourishes,
and we are better off in this respect than we have been at
any prior period in my lifetime.

Clearly, you have substantial reason to look for continuing growth of
agricultural trade based on the fact that it will be to the mutual advantage
of this nation and our trading partners. One of the great advantages the
United States has, however, is this great food-producing heartland in these
seven Great Lakes states.

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Statement by Secretary of Agriculture Earl L. Butz
before the Subcommittee on Agricultural Production,
Marketing and Stabilization of Prices
Committee on Agriculture and Forestry, United States Senate
March 21, 1974

Mr. Chairman and Members of the Committee:

Let any group of people get together in the United States these days and before long the talk turns to food.

This is a relatively new experience. For years people in the United States took their food for granted. There seldom was concern about food supplies or the cost of food in general. That has changed.

The subject of food reserves clearly merits the kind of thorough discussion which can place it in a rational, realistic perspective.

We must get over the idea that there is something evil about reasonable rises and falls in food supplies and prices.

Price and supply fluctuations are inevitable, as long as the forces of nature--weather and pests--prevail. Price changes are the only way necessary production adjustment, to meet demand and supply changes, will come in an incentive economy.

When you start talking intelligently about food production you have to start with farmers. National production statistics only result from actions by individual farmers. The food problem as faced by individual farmers for far too many years was one of too-low food prices and resulting inadequate farm income. This was fine for the city consumers who had a plentiful supply of cheap food.

Congress was cognizant of the plight of American farm families, and was successful in legislating a sizeable and powerful government mechanism designed to bolster the economic strength of farmers. That

mechanism had as its key part price supports for wheat, feed grains, and cotton. These price supports inevitably led to excessive production. That in turn called for government action either to take the surplus off the farmer's hands or to pay for storing it. The government soon found itself in the grain storage business in a big way.

So the United States gradually, and largely by accident, backed into the role of holding reserves. Government-held grain stocks became the commercial reserves for the American food industry, for the grain and flour trade, and for the importing nations of the world.

When these huge stocks held by the Commodity Credit Corporation exceeded the commercial reserve needs, the Congress came forth with Public Law 480--or Food for Peace. We then also became the food relief agency for the world.

The longer we maintained both reserve roles, the less inclined other nations were to be concerned about their own commercial reserves or to be ready to extend themselves in times of need.

Those days are now over. The Department of Agriculture--in response to a surplus-weary Congress and a cost-sensitive public, and in line with its own philosophies--was determined to get out of the grain storage business. The Agricultural Act of 1970, and later the Agriculture and Consumer Protection Act of 1973, made possible a shift from excessive government domination to solid market orientation, while affording income protection to the producer if the market price should drop drastically.

Under the tight supply conditions of 1972 and 1973, government stockpiles of farm commodities were finally eliminated. Now that the United States Government does not hold grain stocks, and now that

chronic Canadian wheat surpluses are no longer existent, the world has suddenly become conscious of the need to think about grain reserves.

There is widespread support around the world for maintaining sufficient commercial reserves to prevent food prices from rising to unacceptable levels when harvests fall short.

Some people propose an international system of stock accumulation, ownership, and control as the answer. A better way, the one which I favor, is through an international sharing of production, supply, and stock information--to assess surplus and deficit situations, and to furnish guidelines for nations to follow as they develop their own courses of action. The actual management of food reserves would be under the jurisdiction of each individual country. Even buying nations would retain the responsibility for maintaining much of their own reserves.

I do see an urgent need to develop an effective, multi-national food security system to respond to genuine hardship cases and prevent starvation in developing countries which are not in a position to meet food needs through commercial purchases. This may well take the form of firm financial pledges by the United States and other nations which will make possible the purchase of needed commodities.

The United States has been providing food security assistance, both for development and in times of disaster, through Public Law 480--nearly \$25 billion since 1954. We have met this need even in times of tight supplies--nearly \$900 million in this fiscal year, in fact.

A commitment for international food security in case of need should be made at the beginning of the marketing year. International food security should not be a last claim on our food supplies--as it has generally been under Public Law 480.

Yet, it is high time for the world community also to make arrangements to spread the responsibility and opportunity for food aid and relief more broadly among nations. The prevention of hunger and starvation is a moral responsibility of the leaders of all nations, developed and underdeveloped.

But in this context, let us never forget that the only thing that reserves can do to mitigate hunger and starvation is to help us get through the years of shortfall. The fundamental, lasting world food problem must be met, in large part, through increased food production. In this connection I am proud of the role that the USDA has played, in cooperation with AID, in providing this kind of technical assistance to many of these chronic food deficit countries.

Our primary purpose today, however, is to look at the kind of food security which assures commercial reserves which will prevent food prices from rising to unacceptable levels when the harvest falls short. Here it is important to recognize that the real source of the American consumer's recent concern about food has been food prices--not food supplies.

While unquestionably the bad weather in parts of the world increased the demand for United States farm products, American farmers stepped up production enough to meet that increased world demand. This modified the food price rise.

Many of the causes for the recent rise in food prices are related to forces other than food supply. Food reserves could not have prevented the upward impact of these other forces on domestic food prices.

One primary factor was devaluation of the dollar which made American food a better buy everywhere--and the world bought.

A second key factor was worldwide inflation. The level of prices of all products the world over was rising. American food prices were not immune.

A third cause was increasing world demand for food. Growing world population had a substantial effect on food demand. Increasing incomes, here and abroad, were expressed in increased demand for more and higher quality food.

I want to re-emphasize that consumer prices for food, even without the short Soviet wheat crop or the dry weather in Africa, would have risen markedly because of devaluation, general inflation, and increasing food demand. The plain fact is that we have had no food shortage in this country, and no potential food shortage faces this country now.

Ours is an incentive economy--not a controlled economy like much of the rest of the world. The rise in food prices, due to the factors that I have just mentioned, is now stimulating the American farmer to step up his production. The USDA planting intention reports portend bumper crops of wheat, feed grains, and rice--our major storable food crops.

The corollary to this is that food reserves in an incentive system are held by individuals, by farmers, by the grain trade, and by food processors. That is part of good business procedure in some cases--and part of the economic function of some firms.

Grain producers themselves have always held much of our food reserve, and they will continue to do so--as long as the markets are allowed to function to enable farmers to earn some profit by storing reserve supplies. Even when government-held surpluses served our reserve function, much of that storage was actually on farms. The Federal government merely paid the storage.

Both livestock farmers and the grain trade have always held a sizeable reserve of working stocks in the pipelines, from the farm granary through the local elevator to the mills or the shipping port. Likewise the grain trade also is in the storage business and in the past the government payments for government-owned grain have brought it a tidy income. Now that income, too, is coming from the market.

Clearly, both farmers and the trade will have to hold much larger stocks in the absence of government-financed reserves. But the food industry can do a more effective job of planning ahead to have available by contract or storage food products to meet its needs. I have enough faith in American businessmen to be convinced that they will do this if the government does not give them the easy way out by doing it for them.

In the United States, with our heavy livestock population on farms, we always have virtually a one-year food reserve on the hoof in our barnyards and feedlots. In case of a short feed grain crop, it does not require much of an adjustment in livestock numbers to keep the demand-supply ratio in balance.

Government-managed food reserves are far from an unmixed blessing. First, they require public financing in a period of rapidly rising government expenditures. They compete for tax funds with other government services which cannot so adequately be met by private action as can the food reserve function.

From the standpoint of the farmer, food reserves held by government can never be perfectly insulated from the market.

Buyers know they are there, and it is grossly unfair to expect farmers to produce in excess of projected annual requirements and then be penalized by the depressed prices which government-held stocks produce.

Farmers should not be fooled by promises that a system can be designed to protect farmers from a premature release of stocks. Any set of rules would certainly be subject to change--especially in light of public pressures. Farmers have seen the effect of releasing stocks before.

It is well to remember that the world has been through periods of food concern in the past. Our corn and wheat farmers have not forgotten that the world food concerns of 1965 and 1966 were followed by the surpluses and depressed prices of 1968. When I was appointed Secretary of Agriculture in 1971, corn was piled up on the streets of Iowa county seat towns, and corn growers could get only about 90 cents a bushel.

We turned that situation around--largely through developing expanding foreign markets for our grains. We learned last year how upsetting export controls on soybeans can be to the confidence of our foreign customers.

I would urge extreme caution before we write into food reserve legislation any export restrictions which would further damage this hard-earned confidence--because I am confident the day is not too far distant when we will welcome every export opportunity available. We can't afford to risk driving our customers to other sources of supply.

Finally, government-managed reserves are not consistent with an incentive economy. On the other hand, government-held and government-manipulated reserves are consistent with the government supply-management approach to agriculture--which is short-sighted, restrictive, and higher cost. Furthermore, they restrict farmers' freedom and would leave farmers permanently at the mercy of politicians oriented to cheap food.

There is real danger, too, that--regardless of cost--they would force Congress to move to reinstitute strict controls over farm production in order to avoid piling up of burdensome surpluses--the first step toward making agriculture a public utility.

The whole question of food security finally comes down to the farmer and whether he will produce, whether he and his family benefit by producing, and whether he has the physical and financial tools necessary. This historic factor in our survival has not been repealed. Those who really are concerned about the supply of food--now and tomorrow--will bear this in mind.

To summarize:

(1) I favor grain and food reserves. We need reserves for security against the threat of real hunger around the world. But the burden of holding such reserves should be shared by all countries, the importing as well as the exporting countries, and the developing as well as the more developed countries.

(2) There is also a need for commercial reserve stocks to keep market prices within tolerable bounds. While this would require an international exchange of information on production, supplies, and trade, I prefer to see each country, including the United States, develop its own course of action to provide for and manage its own reserves in behalf of its national interests--rather than an internationally held and managed reserve stockpile.

(3) In this connection I prefer to see the commercial grain reserves in the United States held by commercial interests--grain producers, mills, processors, the trade--and farmers--rather than by the U.S. Government.

Both domestic users and importers of grains should carry reserve stocks to protect their own business self-interests. The costs of storing and holding reserve stocks must be met in some way, either by taxpayers or by consumers in the prices paid for commodities.

(4) The best way to build up food reserves is to first get grain production up. Frankly, we must approach the question of food reserves from an entirely different perspective than we did when the United States and Canadian governments held huge surpluses as a by-product of price support programs. Presently we have no surplus stocks to put into a reserve. At the moment, the question of reserves is somewhat academic. Yet we need to discuss the critical issues and be prepared to follow the right course as soon as production is at a level which permits the accumulation of commercial reserves.

(5) We need to get over the idea that there is something evil about reasonable rises and falls in food supplies and prices. Some fluctuation in food production is inevitable. Changes in demand are bound to occur and thus trigger adjustment in production in response to those demand changes. Price increases and decreases are necessary to signal these changes.

(6) Finally, we need to get over the idea of cheap food when its cheapness is at the expense of decent incomes and standards of living of farm producers and their families. For all too long, farm commodity prices lagged behind the prices of the other commodities, and far behind nonfarm wage rates. Farm incomes lagged even farther behind United States per capita disposable income.

~~Asst. Dir. NAL~~
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CSR - Rm 204



OUR DAILY BREAD

Those of us who went to church last Sunday very probably repeated the Lord's Prayer. In the first group of petitions in that prayer--" ... hallowed be Thy name, Thy kingdom come ..."--we were asking the Lord for things in general.

The first petition we asked for ourselves last Sunday was, "Give us this day our daily bread"

Most of us repeated that petition by mere rote. It was routine with us. We did not have our minds on it when we said it.

Our daily bread comes to us at the corner supermarket in such abundance, in such wide variety, in such attractive merchandising, with so many built-in maid services, and at such attractive relative prices that it never occurred to us to be serious when we said, "Give us this day our daily bread"

It was not happenstance 2000 years ago, when our Lord put together that beautiful prayer, that the first petition sought for man was "daily bread." In those days that was the primary prayer of everyone.

Open the Bible at random and see the frequent reference the biblical writers made to bread. It was on everyone's mind. It was a consideration above practically everything else.

Around the world tonight, roughly two people out of three will go to bed with a prayer on their lips begging God--or Allah or Buddha as the case may be--"Lord, give me enough food tomorrow to last through the day!"

Address by Secretary of Agriculture Earl L. Butz before the National Association of Wheat Growers, Great Plains Wheat, and Western Wheat Associates, Washington, D. C., March 25, 1974, 12:00 noon, EDT.

They will mean it, too. They will not have their minds on something else when they pray. It will be a matter of stark survival for them.

In this blessed land of ours tonight, two people out of three will go to bed with a different prayer on their lips--"Lord, give me courage tomorrow to remain on my diet!"

How great it is to live in a land where our prayer is to eat less. What a blessing it is to live in a land where our challenge is really how to increase sales of most of the wide variety of products that fill our shelves and our warehouses.

This was not always true in America. The early Pilgrims knelt in Thanksgiving prayer with grateful hearts that there had been enough food. They were humbly thankful that the harvest had been good because the previous austere winter of privation and starvation was still so vivid in their memories.

We live in a land where less than 16 percent of our take-home pay is spent for the food that sustains us--and therefore more than 84 percent of our take-home pay is available for something besides food.

We live in a land where even the poor among us have electricity, telephones, hot and cold running water, indoor toilets, central heating, TV, radio, and a vast array of other things reserved only for the privileged in many other lands.

We live in a land where less than 5 percent of our work force produces the food and fiber for the rest of us--and for millions of other people around the world.

We live in a land where tens of millions of workers have been released from bondage to the soil so they might spend their energies doing something besides eking their daily bread out of a reluctant soil.

In short, we live in a land where a highly scientific and productive agriculture undergirds the fabulous level of living most Americans take for granted.

How have we accomplished this great feat? Why did this happen in America instead of in Russia, for example, where they have more people than we do--and able people, too; where they have more land area than we do; where they have more natural resources than we do?

Why did it happen in the United States instead of Latin America--where they also have the land area, the climate, the people, and the resources?

The answer is so basic--so absolutely fundamental: Ours is an incentive society.

Our agriculture is organized around the family farm. Dad and Mother, and the kids too, work for themselves. They put their own capital on the line. They strive for their own financial security. Independence means a lot to them. They are willing to work--and work hard--in the hope of profit, in the hope of success.

Last year when increased production was needed, wheat farmers responded magnificently with a record wheat crop of 1.7 billion bushels--enough for the growing demand in this country and for record overseas shipments.

When the call came for still further increased output in 1974, American wheat farmers again responded affirmatively. Fall plantings of winter wheat are up 18 percent from a year earlier. Intentions for spring planting of durum wheat are up 39 percent from last year, and other spring wheat intentions are up 20 percent from last year.

Overall, 1974 wheat acreage should be 20 percent above 1973, and all told we anticipate a granary-bursting wheat crop in 1974 of about 2.1 billion bushels--an increase of more than 20 percent over 1973.

Our wheat farmers will assure every American of a bountiful supply of his daily bread, enough wheat for a significant addition to our total grain supply, and still enough wheat to supply daily bread to literally millions of human beings in many other countries and in many other climes.

This record of production set by American wheat farmers is in sharp contrast to the plaintive efforts of national leaders in other lands to get increased production from State-controlled farmers on socialized farms. The difference is that in this incentive system prices--not bureaucrats--send out the signal to farmers.

We must ever strive to keep American agriculture incentive-oriented. The Agricultural Act of 1973 represented a turnaround in philosophy. We are now geared toward market orientation and full production.

Our experience in this country, in contrast with the experience in Socialist countries, is proof that the way to get full production is to keep the farm economy incentive-oriented and to keep it free.

To maintain that market freedom, we must insist on having access to the markets of the world as well as the domestic markets. We must insist on the absence of restraints in the export market for our products. We must also be willing to buy our input items in a market equally free from restraint.

We must be willing to permit geographic shifts in production. We must be willing to take the risks which accompany use of new varieties, of new techniques, and of new capital inputs to advance with the changing times.

If we are willing to do this, we shall continue to give assurance to the world that a decade hence "our daily bread" will be even more easily obtained by all of us than it is today.

Advance for Release at 6:30 A.M. EDT, Monday, March 25, 1974

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THE RACE BETWEEN FOOD AND POPULATION

World concern about food comes and goes. We get very worried when stocks get low, we forget about it in times of surplus.

In most discussions of food supplies and population, the name of Thomas Malthus comes up. When he first wrote 175 years ago that population would outrun food supplies, he attracted attention, partly because of the poor state of agricultural science in the England of that time. Interest fell off, however, when European living standards continued to rise.

From time to time, the Malthus theory was revived, and late in the 19th Century, another Englishman -- William Crookes -- warned that the United States had reached the limits of its wheat area and that bread-eating peoples would soon suffer the consequences. That argument faded with the American wheat surpluses of the 1920's and 1930's.

By the late 1940's, new interest was being generated by the work of the Food and Agriculture Organization of the United Nations in dramatizing the food needs of poor and lesser developed countries. This again focussed attention on the need for improvement in agriculture and nutrition. But we then entered another era of surplus production and interest again waned.

Address by Secretary of Agriculture Earl L. Butz before the American Chamber of Commerce, Hong Kong, April 8, 1974, 12 noon Hong Kong time.

Then, in 1966 and 1967, a general fear of hunger swept the world, due to crop failures in Asia and the need for large U.S. aid shipments. This was soon reversed by the dramatic yield increases brought on by the Green Revolution -- and the optimism this created.

Now, again, commencing in 1972, we are in another of those periods of worldwide concern. The question again is asked, after 175 years: Was Malthus right after all?

Unfortunately, that question always seems to invite exaggeration. It also invites short-term solutions that may do more harm than good.

The United States overreacted in the 1960's when a temporary shortage led to a quick turnaround in U.S. production, followed by a world market glut in wheat.

We overreacted again last year, with U.S. export controls on soybeans. I hope we learned we should never do that again. The strident calls for export controls on U.S. wheat last winter would also have been counter-productive.

Emotional demands for Government action tend to detract from programs aimed at long-term solutions. They disrupt policy goals and confuse efforts to make objective appraisals. What is the world situation?

The world food situation is much improved. Agricultural production recovered in 1973 from the poor harvest of 1972. Production was up almost 6 percent, and the per capita output of food was equal to the previous high of 1971. Developed and developing countries shared about equally in the production gains, but the developing countries had smaller gains in per capita food production.

Improved weather was mainly responsible for last year's gains. The Asian monsoon was particularly favorable. Good weather brought good crops in the Western Hemisphere and the Soviet Union. The pattern of widespread drought seems to have been broken, although severe drought continues in Sub-Saharan Africa and Ethiopia.

Agricultural production in South and Southeast Asia was particularly encouraging. Thailand and Bangladesh each boosted production by 18 percent in 1973. India increased output by 12 percent, the Philippines by 8 percent, and West Malaysia by 11 percent. Smaller gains occurred in Taiwan, Burma, South Vietnam, South Korea, and Indonesia. Pakistan and Sri Lanka were exceptions, each suffering a slight decline.

Production gains in Asia do not mean that there is an abundance of grain. Adequate grain supplies seem to be at least a year away, since the past year's increase will be absorbed by pent-up consumer demand and the rebuilding of stocks. So world trade continues high, and prices are of course at higher levels than two years ago.

The 1972 crop failures were unusual in that they occurred in such widely separated parts of the world: Drought in Africa and Australia; reduced grain production in the Soviet Union, Thailand, Argentina, South Africa, and India; failure of the Peruvian anchovy catch; and a rice shortfall throughout much of Asia.

Fortunately, the United States had record production years in 1972 and 1973. These new crops -- on top of large U.S. grain inventories -- enabled the United States to take up much of the slack occasioned by crop failures on other continents. This achievement by America's farmers is frequently overlooked in the general concern about rising food prices and declining food inventories.

The current situation is leading to major reappraisal. Public concern is probably more widespread than ever before because of three factors:

(1) Many people who can well afford it are now having to pay higher prices for their food after years of buying it on the cheap side.

(2) There is a sudden realization that the world's resources are finite -- and that we have been using food and energy and other of the earth's blessings as if they were indeed without limit. In my home state of Indiana, we call that living high on the hog --all pork chops and no fat pork.

(3) All this is being reported through a mass media technology that provides immense new powers of communication, and sometimes, exaggeration.

But the problem is real, and has been real for a long time. We live in a world where populations continue to grow -- and where people expect more from life than simple survival. People should want more and expect more. It is good that we are giving new thought to the question of how we are to achieve a better life for the world's people, and what this means in terms of resources, environment, and the number of people to be fed and clothed.

It has been pointed out that even if the increase in population could suddenly be reduced to a zero rate, we would still have an additional one billion people on earth by the year 2000. This would occur because of the age composition of the world's people -- the high proportion of people who

are young and thus able to utilize throughout their lives the life-preserving technologies now being used or developed.

But world population will not grow by only one billion in the next quarter century. By the year 2000, we expect that world population will grow by 2 billion to 3 billion people -- which would bring us up to around 7 billion.

Can the world feed these additional billions of people? I am often asked that question. My answer is that if these additional people are living on earth at that time, then quite obviously they will have been getting enough food for survival. The real question is: How well can the world feed a population of 7 billion? Will people simply survive, or will they have enough food, with adequate nutrition, in sufficient variety and abundance to relieve fear and stress and leave extra energy for the civilizing, creative, and exciting activities that allow full development of the human potential.

The question, therefore, is not really whether there is a mathematical limit to how many people can fit on the earth, and have food, shelter, and other basic requirements. The question comes down to what goals should mankind set for itself and how well these goals can be supported by a changing world agriculture.

For the present, the world has not fully realized its agricultural potential -- far from it! We have not reached a plateau. We have not set limits on technology. We have not put a ceiling on the work of the food scientist and the nutritionist. We have not put a brake on progress in marketing, processing, storage, distribution. There are areas for growth and improvement in all of our countries.

For the next quarter century, we need to put our chips on the human brain -- on science, imagination, ideas, enterprise. We need to encourage growth in production and trade. We need to avoid policies that would discourage initiative and freeze the world's farmers and traders into old and rigid patterns.

I have just come from Bangkok, and a meeting there with U.S. agricultural Attaches stationed at the American Embassies in India, Pakistan, Indonesia, Malaysia and Bangladesh. We had a detailed discussion of food and agriculture in those countries -- and the efforts being made by their governments to improve production and distribution. In Thailand, I also had the opportunity to review the results of American cooperative work in economic planning and analysis, in farm management, and conservation.

Within a few days, I will be in the Philippines and look forward to visiting the International Rice Research Institute at Los Banos, which has done so much to increase rice yields throughout Asia. All of these efforts are testimony to the belief by dedicated scientists -- and by the host countries -- that the potential for food production in Southeast Asia is far beyond anything realized to date.

While some of the overoptimism that was initially attached to the Green Revolution has now been modified by a stiff dose of reality, we should not underestimate its importance in Asia and therefore to all the world. Without the yield increases brought about in India, that nation would have suffered a much more serious setback in 1972, and its agriculture could not have recovered in 1973 as it seems to have done.

The improvement of per-acre yields is the last great frontier in food production. Most of our land resources are now known to us. They have been mapped for soil and water and growing season. What we don't know is how far we can go in improving yields of grains, soybeans, and other food crops in the face of many natural variables. We do know that the potential is considerable, and this is part of the excitement and challenge for those of us who deal with agriculture.

Events of the past two years have focussed new attention on the question of agricultural reserves -- or, in the language of today, world food security. There are essentially two questions: Who is to maintain the inventories needed to keep commercial trade moving even in time of production shortfall? And who is to bear the responsibility for food aid to needy countries -- and to areas suffering from natural disasters?

We believe that world food production will continue to increase more rapidly than population. However, this improvement may not occur evenly in all parts of the world. Some of the developing countries may lose ground in terms of production per capita, and not all of these countries will have the foreign exchange to import needed food.

But in view of the world's ability to expand food production, we should not expect mass starvation in any part of the world. Still, it is possible for critical food shortages to exist over wide areas, as we have seen demonstrated in Ethiopia and Sub-Saharan Africa.

Even though there won't be mass starvation, there will be hungry people -- people suffering from inadequate diets and malnutrition -- some the victims of natural disaster. Such individual or localized hardship, in a world otherwise able to feed itself, poses particularly difficult problems for national and international policy. As long as anyone is hungry, this is cause for distress. One malnourished child, anywhere, is too many. The death from starvation of any human being, to paraphrase John Donne, diminished us all. Yet where is the responsibility for dealing with these problems, and how is it to be shared?

In the United States, we believe that food reserve obligations should be more widely shared among governments and industry groups throughout the world.

For a generation, our Government -- through the Commodity Credit Corporation -- carried large inventories upon which commercial users both at home and abroad relied in lieu of carrying their own stocks. These stocks were accumulated as a byproduct of our farm price support system, not by design. The U.S. Government has now gone out of the commodity business, and we want to stay out of the business of managing stocks of farm products for the nation and the world.

Under Food for Peace -- authorized by Public Law 480 just 20 years ago -- the United States has provided over \$25 billion in commodities to needy countries through grants or on concessional terms. Even in the past two years of stringent supplies, the U.S. has maintained PL 480 shipments at about a billion dollars each year -- about equal to other recent years.

We are eager to continue meeting our nation's humanitarian obligations, but we believe that other developed countries are equally able to share that responsibility.

This latter question of food aid responsibility and administration will be a key subject at the World Food Conference scheduled for next November in Rome. This is the Conference proposed by Secretary of State Kissinger in his speech to the United Nations last fall. Subsequently, I talked with perhaps 20 ministers of agriculture attending the biennial conference of the FAO in Rome, as well as ministry officials and other leaders in European capitals and at the European Community headquarters in Brussels. We discussed the goals of a World Food Conference -- and what we might realistically expect to achieve in terms of food security. Preparations are now going forward for that Conference to be held under auspices of the United Nations, and with active FAO participation and support.

In the end, world food security comes down to the individual farmer. What does he need in order to produce -- what techniques, what equipment, what incentives? The response of the individual farmer is essentially predictable, whether he produces from a corn plot in Thailand -- a rice paddy in the Philippines -- a wheat field in Kansas.

The farmer is a producer, but he's increasingly a consumer as well -- of food, clothing, housing, education, health services for his family -- mostly sold to him by other people, at a price. If he is to produce farm commodities in exchange for those goods, there is a way that the economy can signal to him that his production is needed. That signal is price.

This is happening now, throughout the world. Economies are signalling to their farm producers that more agricultural goods are needed, and the producers are responding. In such a process, some prices may get out of line for a while, only to decline when large crops appear imminent.

Developing countries, just as much as developed countries, benefit from the functioning of price as an indication of consumer needs. The consumers of farm products should beware of proposals that commodity prices be artificially restricted. Consumers have the most to lose from price levels that inhibit production. They have the most to gain from fair prices that stimulate output and encourage the peaceful exchange of agricultural products.

Food is the international language. This has never been so evident as it is today with President Nixon's success in building new world relationships. The initiatives that grew out of the President's trips to Peking and Moscow have moved the United States into peaceful, commercial relationships with nations that account for 30 percent of the world's people and 60 percent of its land area.

People need each other. Nations need each other. They need to be at peace with each other. When trade grows, nations benefit. The diplomat follows the trader. Peace follows the shipping lanes. Freedom and dignity follow the full stomach.

It was Mahatma Ghandi, over a quarter century ago, who remarked that "Even God dare not approach a hungry man except in the form of bread." There is no point in talking to starving people about human freedom or human dignity or democracy. When a man is starving, the first thing on his mind is obtaining his daily bread. Food, and trade, have become powerful forces for international diplomacy.

Thus we should not think of food entirely as a problem for the human race. We should think of it as an opportunity -- for the world's farmers and traders to build a new structure of peace in the world -- joining East and West, developed and developing nations, the democratic societies and those of other beliefs.

Kipling was wrong. The twain shall meet -- and have met. Increasingly, that meeting is joined over peaceful matters having to do with food.

Advance for Release at 6:30 P.M. EDT, Sunday, April 7, 1974

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TRADE IN THE NEXT QUARTER CENTURY

Japan and the United States are going to be trading partners for a long time. This is a basic premise behind our trade policy -- and all of our official contacts with Japanese trade and agriculture officials.

We are determined to maintain our position as a consistent and dependable supplier of the farm commodities that the Japanese want and need. And we are determined to pursue with Japan a program of expanding trade in agricultural products, through further liberalization on both sides of the Pacific Ocean.

To us, these objectives remain quite clear -- despite the confusion that exists at the moment in trade relations throughout the world. Monetary questions, the worry about energy, the unsettled state of world commodity markets -- none of these factors has dimmed for a moment our determination to foster a trading world based on fairness, efficiency, and mutual advantage.

In Tokyo last September, the members of the General Agreement on Tariffs and Trade adopted the Declaration of Ministers outlining the aims of the multilateral trade negotiations. Basically, the negotiations are to find means of liberalizing tariffs, nontariff barriers, and other measures that impede or distort trade in both agricultural and industrial products. The United States supports these objectives just as we did seven months ago.

Address by Secretary of Agriculture Earl L. Butz at a Japan Press Club luncheon, Tokyo, Japan, April 17, 1974.

The question is sometimes asked: Why does the United States continue to push for lower trade barriers -- in a world that has been beating on our doors for grains and soybeans? In other words, what is so important about the upcoming seventh Round of Multilateral Trade Negotiations under the GATT? Why go to Geneva?

There are several reasons:

One is that U.S. agriculture expects to be in business next year and the following year and the year after that, and we do not expect a tight world supply situation to continue indefinitely. Certainly, it is to be hoped that the world can look forward to an easing of its present food supply problems, and we are confident of this. When that happens, we would hope and expect to continue trading, and not have the world's nations settle back behind their trade barriers, preferences, and regional restrictions.

A second answer is that American agriculture is more than just soybeans and wheat. We produce an enormous variety of commodities, and many continue to be in plentiful supply -- even oversupply. For example, the American citrus grower who is having trouble moving his crop against discrimination in foreign markets will not be at all consoled by the fact that wheat and soybean growers are experiencing record export sales. I might point out that the f.o.b. price of concentrated orange juice out of Florida has not changed in more than two years.

But the principal reason for pursuing the Multilateral Trade Negotiations is that this is a world of the 1970's, tied together by instant communications, by international travel, by common economic concerns, and by a mutual need to preserve civilization. It is high time we had a rational system of international trade that recognized the interdependence that exists in the world.

Events of the past two years have not made trade negotiations less necessary. They have made negotiations more necessary. They have demonstrated that nations cannot go it alone. Nations depend on each other for fuel, for minerals, for chemicals, for fibers -- and certainly for food. The world is interdependent.

To function, the world requires a rational use of resources in which each country produces what it produces best, with the production distributed through an orderly system of trade in which producers have equal access to demand and consumers have equal access to supply. It is plain that the multilateral negotiations -- with 105 nations taking part -- offer the best chance we have to move toward a rational system, and away from accelerating bilateralism and regionalism.

The new Round under GATT is our best opportunity to create a trade system appropriate to the last quarter of the 20th Century.

Agricultural and industrial trade should be negotiated together. The Declaration of Ministers in Tokyo established a Trade Negotiations Committee to develop and put procedures into effect for carrying out the negotiations. The Trade Negotiations Committee has been meeting in

Geneva, and has encountered disagreement on whether industry and agriculture are to be negotiated together, or separately.

The United States wants the two sectors to be negotiated as a package. Our view is that the basic need is for a more rational trading system in the world -- and that many of the trade barriers standing in the way of that goal actually cut across industry and agriculture. So we want to direct the GATT's efforts toward the barriers themselves, rather than to divide those barriers into artificial sectors that would be harder to deal with successfully.

There has been a temporary compromise on this issue to allow preparatory work to go forward, and we still have considerable work remaining before we will have agreement.

The U.S. is -- and has been -- a dependable supplier. Frequently overlooked is the achievement of the American farm producer in responding to world food needs in the past two years. A few weeks of export controls on soybeans last year seem to have gathered more headlines than all of U.S. agriculture's dependability for a generation. And in fact, last summer's export controls -- while I personally opposed them and still regard them as a mistake -- did not prevent a substantial rise in U.S. soybean exports to Japan.

In the 1972-73 marketing year (October-September) for soybeans, U.S. exports exceeded the preceding year by about a sixth -- and that was the year of export controls. In the 1972-73 marketing year for wheat, U.S. exports were almost double the preceding year. Traditional U.S. customers, in Asia as well as in Western Europe, shared strongly in these increases.

In the case of Japan, the United States supplied a record 3.3 million metric tons of soybeans and 260,000 metric tons of meal. This was a one-fifth increase in U.S. soybean shipments to Japan, which more than offset any decline in the supply of oilseeds to Japan from other sources. I recognize, however, that the export controls did contribute to price and distribution problems here. But our unfortunate experience a year ago with soybean export controls taught our people and our politicians that we should not repeat the exercise.

U.S. wheat shipments to Japan also rose sharply in 1972-73, despite the appearance of new customers for U.S. wheat, specifically the Soviet Union and the People's Republic of China. In the 1972-73 marketing year (July-June), the United States shipped 3.4 million metric tons of wheat and wheat products to Japan, compared with 2.2 million tons the preceding year.

I ask no special credit for this performance, which was strictly in line with our traditional position as a dependable supplier to our overseas customers. I ask only that our customers apply a true perspective in a time when only the United States has been able to supply the world's trade needs -- and we have done so despite considerable counter pressures at home.

We are not running out of wheat. You are undoubtedly familiar with the fears that have been expressed in the United States and in other countries that we were at the bottom of the barrel -- that carryovers were going to zero and people who eat bread and noodles and pasta would soon suffer. These fears are unfounded.

U.S. farmers are staying with their plans for a generally sharp expansion in crop acreage this spring. They have told us that they will plant larger acreages of wheat, corn, cotton, and rice, but modest decreases for soybeans.

As of March 1, farmers intended to plant 55 million acres of soybeans -- 4 percent less than in 1973, but an acreage that should provide us with a crop about the same size as 1973. We now project a wheat harvest this year of 2.1 billion bushels, compared with last year's record crop of 1.7 billion bushels. Intended corn acreage could yield a crop of around 6.7 billion bushels -- nearly a fifth above average production of the past 3 years. Upland cotton producers intend to plant an acreage almost one-fifth above last year.

Too, there is evidence that overseas demand in the short term has been overstated. The export of grains in 1974 has been steady, rather than dramatic. Our reporting of export commitments of wheat has disclosed that some of the earlier sales intended for "unspecified destinations" have now disappeared from the balance sheet. This reduces the unknown factor that has created concern among consumer and user groups in the United States. That means that there is more U.S. wheat for export than we previously thought we had.

The responsibility for maintaining commercial stocks is now shifting. For many years, the United States maintained, through the Commodity Credit Corporation, an international stockpile that commodity users leaned on to avoid the cost of carrying stocks of their own. I cannot blame them for that, but I must now point out to them that times have changed.

Recently, I told members of the National Grain and Feed Association meeting in Washington that we are turning over to them, and to others in the private sector, the job of maintaining domestic stocks. The United States Government is out of the commodity business. We hope to stay out of the commodity business. Our domestic farm program is now based on the philosophy that market incentives, rather than government directives, should guide production and marketing.

This does not mean that there is no longer a need for adequate food reserves -- not at all. What it does mean is that the responsibility is now shifted from the public sector to the private sector. The storage capacity still exists in America, and it is up to private trade and users to make use of it.

On the foreign front, it will be necessary for purchasing nations to buy ahead. Our Japanese customers are increasingly doing that. Other U.S. customers, too, are taking steps to acquire and manage their own inventories located in their own countries or in producing countries.

There is much talk about international food reserves. There is much pressure for internationally-owned or internationally-managed food reserves, to be released in time of need.

I do not subscribe to that philosophy myself, due to the problems inherent in international control of the release trigger. I do, however, think that we need more adequate machinery for reporting world food supplies and mapping world food needs by area and by country.

We may need better economic intelligence for projecting potential needs for carryover food supplies. We need a better way -- through an international sharing of production, supply, and stock information --

to assess surplus and deficit situations and to furnish guidelines to nations for their own courses of action. But within that framework, I believe that each nation should be essentially free of international control, as it acts to meet its own food and reserve needs.

Japan and the United States are on parallel paths. Last August, when your Prime Minister visited my country, it was my privilege to meet him. He gave an important address at the National Press Club in Washington. In that speech, Prime Minister Tanaka said of U.S.-Japanese relations, "I firmly believe that our two countries, by deepening our mutual understanding and cooperation, can and must contribute substantially to the reconstruction of the world economy and the building of an enduring peace." He pointed out that "Clearly Japan and the United States are on parallel paths, with shared goals, in a world that is yet to be built."

Those are honorable and correct sentiments, and I would like to affirm our complete agreement. The special relationship that the United States and Japan share is not only one of mutual benefit, but also provides one of the world's best examples of the cooperation that contributes to world peace. In no sector of our relationship is this more clearly demonstrated than in our commercial trade -- a relationship which recognizes the mutual dependence that, in fact, all nations share.

I believe that Japan now has a population almost half that of the United States. You have had much success in improving your agriculture -- your achievements provide an important model for many developing societies. Still, given the nature of your island terrain -- so impressive for its beauty -- it is necessary for the Japanese to utilize more crop acres

abroad than the total cropland in Japan. And about one-third of this imported requirement comes from the United States.

Meanwhile, our dependence on you is just as real. For us, Japanese purchases account for about 15 percent of the total volume of U.S. agricultural exports. While we are able to supply you with the products you must have -- feedgrains, wheat, soybeans, cotton, hides and skins and a variety of other products -- you serve as a market of major importance to our farm sector. Because of your efforts to improve the diets of the Japanese people, our rural people are able to eat better.

But, as you know, this trade is not one-way. Japan ships to the United States about 30 percent of its industrial exports. For the American family, Japanese products have become an important part of our way of life. An American father, for example, may drive his son to a little league baseball game in the family car -- a Datsun, Toyota, or Honda -- where the son will play ball with a Japanese-made baseball glove, baseball bat, and even the baseball -- while the proud father looks on taking pictures with his Japanese camera. At home, mother may be fixing dinner while she watches her favorite show on her portable Japanese television receiver.

Looking at it another way, one bale of U.S. cotton serves as the exchange for a medium priced Japanese camera, television set, or tape recorder. With about 10 bales of cotton, we can pay for a low-cost model of a Japanese car.

So the trade between Japan and the United States is mutually beneficial. Japan needs our agricultural exports. The United States needs your industrial exports. We are interdependent, and we are trading for our mutual advantage.

In much the same way, the entire world is interdependent. Increased consumer incomes are pushing standards of living to the point where no one nation is rich enough in natural resources, industry, or any other component to provide everything. We must turn to each other in trade.

Japan-U.S. relations provide a working example of the benefits such an association can bring. Prime Minister Tanaka has said, "We are on parallel paths." In the same way, if the world is to survive, we must all be on parallel paths -- working together for the peace and prosperity for the people of the world.

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Asia is the American farmer's most important export market. For 350 years, beginning with the first shipment of American tobacco from the port of Jamestown, our major export market was Europe. This year for the first time, Asia has taken over that position -- any way you measure it.

All Asia is a larger American farm market than all Europe -- this year for the first time.

East Asia is a larger American farm market than Western Europe -- this year for the first time.

Even if you don't count our "new" customers -- the Soviet Union and the People's Republic of China -- the new relationship holds. Asia not counting the People's Republic of China is a larger market for American farm commodities than Europe not counting the U.S.S.R.-- this year for the first time.

This is the year of Asia as far as U.S. agriculture is concerned. The American farmer knows that his Asia market -- \$8.5 billion in the year ending this June 30 -- is contributing much to his current record income. He knows that he must continue selling to Asia if he is to maintain the increased production level that he is planning this year.

Address by Secretary of Agriculture Earl L. Butz before the American Chamber of Commerce, Seoul, Korea, April 19, 1974.

The Japanese market continues to grow. Japan was the first nation to become a billion-dollar customer for U.S. farm products -- only 4 years ago. In the current U.S. fiscal year, Japan will account for a total of over \$3.4 billion.

Japan will buy around one-fourth of the U.S. feedgrains sold overseas this year, some 9 million metric tons. It has also been the American producers' top single-country market for wheat, soybeans, cotton, hides and skins, and a variety of other products.

Our second largest market in Asia is now the People's Republic of China. In the past two years, the PRC has become a substantial importer of U.S. agricultural products. For 1973-74, it will be one of perhaps a half dozen markets which are billion-dollar customers for U.S. agriculture. Most of this trade -- expected to reach \$1.2 billion -- is in wheat, cotton, soybeans, and corn.

The Chinese have made a major effort to increase grain production, but our best estimate is that production is doing little more than keeping pace with population. At the same time, per capita gross national product is slowly trending upward -- reaching an estimated \$191 in 1973, a 30 percent increase in the last five years.

Should this economic growth reach the point where more of the nation's resources are allocated to improve the lot of consumers, the implications for increased agricultural imports are obvious.

At least for next year, fiscal 1975, we expect that the People's Republic will probably remain near the billion dollar level in imports of U.S. farm products.

The Republic of Korea is also a dynamic market. U.S. agricultural exports to Korea scored an eight-fold increase between calendar years 1966 and 1973, rising to \$635 million. This fiscal year, we expect our agricultural exports to Korea to exceed \$700 million, and before 1980, they may reach the billion-dollar mark.

This increase has been stimulated by the growth in urban centers, where industry generates more consumer income, resulting in greater purchases of food, clothing, and other consumer goods. Because Korea has fewer than 3 million hectares of cropland -- less than one-tenth of a hectare per person -- most of this increased demand must be met by increased agricultural imports.

As recently as 1966, about 80 percent of U.S. agricultural exports to Korea were under government programs. By calendar 1971, this had shifted to about half and half. But in fiscal 1974, less than one-fifth of U.S. agricultural exports to Korea will be through government programs-- a complete reversal in 8 years. And, more importantly, the \$215 million growth in purchases in this year over last has all been through commercial sales. In the feedgrain sector, this also meant a new cash market for about 450,000 tons of corn, compared to 4,000 tons in 1966.

These three nations -- Japan, the People's Republic of China, and Korea -- represent important elements in our foreign trade. Japan, with increased affluence, represents an American market of long standing. It is undergoing the changes typical in nations with increased incomes. China, a new market for the United States, is turning to the world's market under the pressure of increasing population. And Korea, a growing market for U.S. products, represents the change possible in developing nations,

as trade moves to a commercial footing and agricultural imports are increased.

All of these countries represent increased incomes -- and changing food preferences -- some to a greater degree than others. This is most apparent in the increased use of livestock and poultry products -- and in purchases of feedstuffs to support this expansion.

Korea is experiencing increased demands for corn and feedgrains as a result of expanded livestock production. Again, one of the reasons for increased livestock production is for export purposes, as in China. The United States and Korea have worked together on the beginning of a cattle feeding industry here with a pilot project that I understand has demonstrated the feasibility of commercial feeding.

The United States has the means, and the desire, to meet increased demand for imported grains in Asia.

When world production setbacks occurred in 1972, U.S. agriculture was able to move strongly into the breach. American farmers actually took up much of the world slack occasioned not just by the Soviet and Chinese deficits but also by other major happenings: Drought in Africa and Australia; reduced grain production in Thailand, Argentina, South Africa, and India; failure of the Peruvian fish catch; and a rice shortfall throughout much of Asia. With its large 1972 stocks, plus record 1972 and 1973 crops, the United States has made an enormous contribution to international needs.

U.S. agriculture's response to the world's 1972 crop failures was immediate and dramatic. In 1972-73, U.S. wheat exports were almost

double the preceding year. Soybean exports in the 1972-73 marketing year, even with period of export controls, exceeded the preceding year by almost one-fifth. Traditional U.S. customers in both Asia and Europe shared strongly in that growth, along with new markets.

In the current year, 1973-74, U.S. shipments of wheat, feedgrains, oilseeds, and cotton and many other commodities, again increased in volume. And of course the value of U.S. exports this year is up sharply-- at \$20 billion.

American farmers will set new production records in 1974. U.S. farmers are staying with their plans for a generally sharp expansion in crop acreage this spring. They have told us that they intend bigger acreages for wheat, corn, cotton, and rice, but decreases in soybeans.

As of March 1, farmers intended to plant 55 million acres of soybeans -- 4 percent less than in 1973, but an acreage that should provide us with a crop about the same size as 1973. We now project a wheat harvest this year of 2.1 billion bushels, compared with last year's record crop of 1.7 billion bushels. Intended corn acreage should yield a crop of around 6.7 billion bushels -- nearly a fifth above average production of the past 3 years. Upland cotton producers intend to plant an acreage almost one-fifth above last year.

Too, there is evidence that overseas demand in the short term has been overstated. The export of grains in 1974 has been steady, rather than dramatic. Our reporting of export commitments of wheat has disclosed that some of the earlier sales intended for "unspecified destinations" have now disappeared from the balance sheet. This reduces the unknown

factor that has created concern among consumer and user groups in the United States.

The United States has a still larger production potential in the longer term.

More land could be brought into crop production if demand warranted and price incentives were adequate. Despite the steady loss of acreage to housing, highways, airports, and other development, the United States still has extensive land resources not now being used for crops, which could become productive cropland under certain conditions.

However, the more likely means for increasing American crop production in the next 10 to 15 years is through higher crop yields per acre. This means applying newer and more intensive technology. It also implies fair incentive prices for farmers.

Some of our best farmers are already pointing the way in increasing yields on their acreages, and are routinely getting yields of 50 percent or more higher than the national average. Of course, it is not reasonable to expect all producers to reach the average yield of the top 10 percent. Nevertheless, there is a substantial potential to raise yields, even with-in present technology.

The Department of Agriculture has attempted to make some appraisal of the productive capacity that is obtainable in 1985 through the combination of the use of more land and higher yields per acre. We can easily envision a 9-billion bushel corn crop by 1985 and wheat and soybean crops of 2.3 billion bushels each. Total feed grain production should easily top 300 million short tons in 1985, compared with 208 million tons in 1973.

These estimates could be conservative. They do not take into account any dramatic scientific breakthroughs. The development of widespread use of hybrid wheat, for example, could push wheat yields well above the levels now projected.

This is not to say that the United States could, or should, do the whole job of meeting the growth in world demand. It is simply to say that we need not be concerned about the ability of United States agriculture to meet its world obligations, as well as its domestic responsibilities.

In a single year, Asian countries have almost doubled the value of farm commodity imports from the United States. United States policy is to build on this growth -- to continue serving these markets -- to produce on an expanding scale in order to do so. Our policy is to work together with our trading partners all over the world -- to remove trade restrictions and build a world community based on stable and peaceful relationships.

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Advance for Release at 6:30 P.M. EDT, Thursday, April 18, 1974

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THE NEW HORIZON OF OPPORTUNITY

We have just returned from extensive discussions in six Asian countries-- Thailand, Hong Kong, the Philippines, Taiwan, Japan and Korea. This is a very important part of the world to us, for several reasons.

Asia, this fiscal year, will import \$8.5 billion of U.S. farm products-- surpassing Europe for the first time in history as the largest purchaser of U.S. farm products. Chances are Asia will stay No. 1. Thus, what happens in Asia will have a direct effect on U.S. farmers and U.S. farm programs for some time to come.

Asia is the home of three-fourths of the world's people. Nobody can live apart in today's world. Whatever happens to three-fourths of the world's population is bound to have a profound effect on the remaining one-fourth of us. The events of the last 30 years illustrate that vividly.

The Asian part of the world is in an exciting ferment today. There you find a life-and-death struggle between expanding population and a meager food supply from an unyielding tropical agriculture. There you find the green revolution. Several of the world's developing nations there have graduated, or are graduating, from U.S. food aid. There is where you find poverty, and the instability of government that goes with a wide disparity between the affluence of the few and the poverty of the many.

Address by Secretary of Agriculture Earl L. Butz, National Press Club,
Washington, D. C., April 25, 1974, 12 Noon EDT.

There, too, you find the vigorous industrial economy of Japan--the third largest in the world--which supplies us with vast amounts of electronic equipment, automobiles, and other commodities which directly affect your level of living and mine. We don't pay for any of these Japanese goods with yen--we pay for them with soybeans, feed grains, wheat and cotton; more than \$3 billion worth last year.

Not everyone understands fully how much we depend on agricultural exports.

We export two-thirds of our wheat, one-half of our soybeans, one-third of our cotton, and one-fourth of our feed grains. The production from one harvested crop acre out of four goes overseas.

This is made possible by the unequalled efficiency of American farmers. The production per man hour in U.S. agriculture has been increasing at twice the rate of increased output per man hour in U.S. industry. This agricultural productivity is vitally important to our own economy--where we have released 95 percent of our population to produce other things besides food and where we get our food for less of our take home pay than anywhere else in the world. It also makes U.S. agriculture highly competitive in export trade, much more so than many sectors of U.S. industry.

In the last calendar year, our agricultural exports surpassed our food imports by \$9.3 billion. It just happens that our purchases of petroleum imports last year came to \$9.3 billion. Recently we have felt first-hand how even a partial reduction in our petroleum supply can affect our economy and our lifestyles. We couldn't have imported \$9.3 billion of petroleum last year, or as many industrial and consumer products, without our favorable balance of agricultural exports. The favorable balance of trade in farm products offsets a huge deficit in industrial trade.

The lifestyle of every consumer in America depends heavily on our farm exports. These exports strengthen the dollar; reduce the cost of our farm programs; put a brake on inflation; and permit farmers to run their farms at full capacity. This means lower per-unit costs, including the food from three-fourths of the crop-acre output which is consumed here at home.

Likewise, the lifestyle of much of the world, particularly in Asia, depends heavily on U.S. agricultural production.

There, our farm exports are sometimes the difference between an adequate diet and starvation.

We aren't just exporting wheat and feed grains and soybeans to Asia. We are exporting life-giving protein for pregnant Asian mothers, who are often engaged in hard, physical labor. We are exporting energy for children in school, learning to be the future leaders of Asian nations, whose actions will greatly affect your children. We are exporting the source of human go-power for developing nations that are struggling to lift themselves from economic subsistence into a higher orbit of affluence that the developed world enjoys. We are exporting health and wellbeing, good will, stability and peace to these people.

We are also exporting the food that energizes the huge industrial complex of Japan and which permits the people in that nation to spend their resources producing the much needed goods that we import from them. Trade is good for these Asian nations and it is good for us.

You see these things more clearly and more dramatically when you visit these people, talk with their leaders, and see how they live.

It is to this part of the world that America has exported her agricultural technology for many years. Witness the high yielding wheat variety that brought the Nobel Peace Prize to Norman Borlaug. Of equal significance is the revolution in rice production for all Southeast Asia that grew out of substantial U.S. aid for the International Rice Research Institute in the Philippines.

In the long run, it is inevitable that population increase in this part of the world must be brought under control. This has been accomplished in some countries. Progress is being made in other countries. The problem is now being treated openly on a scientific basis. Ultimately, we must achieve success on this front.

In the meantime, as we purchase time for the ultimate victory on the population front, the productive ability of the American farmer and the expertise of American agriculture stand ready to bring hope and assurance to the three-fourths of the world's population in the Eastern world.

We went to Asia to bring them a message first hand. There is no substitute for a face-to-face exchange in doing that.

The first part of our message is that the United States is a dependable supplier of farm products. No place else in the world has such a vast amount of fertile farm land; owned and operated by hard-working, skilled, well-capitalized farmers who are backed with such a complete infrastructure supplying commercial farm inputs. Our agriculture is virtually disaster proof.

We told the Asian nations that we are going to have a huge increase in farm production this year: a 400-million-bushel increase in wheat; perhaps a one-billion-bushel increase in corn; a bigger supply of soybeans than this year; and 2 million more bales of cotton. This is the most massive increase in the farm production of a single country in the history of the world.

We pointed out that our increase in wheat production this year will be about equal to the entire Australian crop. We explained that our increase in corn production this year will be larger than the combined corn crops of Thailand, Argentina, and South Africa, all corn exporting nations.

This increase, we said, is the result of our incentive-oriented farmers responding to price. A companion to it is a 180-degree turn in our farm policies--from 40 years of controls and restricted output to full throttle. We aren't paying farmers to withhold a single acre from food production this year.

You can depend on us as a source of supply, we told the Asian nations.

Then, we said, the food importing nations of the world have a responsibility to us. If they want us to assure them of a stable supply, they need to plan ahead--to let us know in advance what their needs will be, and to purchase farther ahead and store more of their own needs.

The days are gone, we told them, when the U.S. government will hold huge supplies of grain and fiber at taxpayer's expense. The government will no longer be the warehouse for the world, acting as the residual supplier, while holding an umbrella over other people's markets. Agriculture has grown up. It is a business on the farms of America; and our trade in food and fiber will be a commercial business.

In this atmosphere, agricultural products need to move more freely in international trade, with fewer tariff restraints and non-tariff barriers. We will be having GATT discussions later this year. We aim to negotiate to obtain fewer restrictions on our food and fiber exports as a package with the negotiations on industrial trade.

We admitted to our Asian friends that we made a mistake last year when we temporarily put restraints on our soybean exports. As we all know, that embargo was viewed with alarm, particularly by Japan, which depends so heavily on soybean products for human food. Although we ended up selling Japan one-sixth more soybeans than the year before, the embargo was very unsettling to them. We said last week, "It was a mistake. We don't intend to do it again."

Now what about the response that we got to these points?

We found a growing disposition for trade liberalization in Asia. This is in sharp contrast to certain other areas of the world that have moved in the direction of uneconomic self-sufficiency in farm production and isolation of their agricultural markets...where self-serving protectionism moves away from trade liberalization rather than toward it.

We found a genuine interest in Asia in purchasing farther ahead and carrying a larger supply. Still, there is an undercurrent of belief, and hope perhaps, that the United States will once again stockpile food for the world at U.S. taxpayer's expense. We stated firmly and resolutely that that is not going to happen again.

We found a growing opportunity for trade in Asia. The economies of countries such as Taiwan, Korea and Japan are growing rapidly. Thailand and the Philippines are strengthening their agriculture, which is basic to the economic growth of any country. Hong Kong is a growing outlet.

In meeting with heads of state, every one stressed the importance of food to their people. Prime Minister Tanaka of Japan said that as between fuel and food, food is by far and away the most important. You can survive without petroleum if you have to, he said, but you can't do without food.

President Marcos of the Philippines referred to the blood sacrifices that his people and ours have shared together, and said that out of those sacrifices we must direct the structure of better living for all our people, with top priority going to better food, clothing and shelter for all peoples of the world.

Premier Chiang of Taiwan expressed his desire to expand the exchange of Taiwan industrial goods for American-produced food.

The Governor General of Hong Kong said that the very life blood of Hong Kong depends on substantial trade in food and fiber. In a very real sense, Hong Kong is an important gateway to the People's Republic of China, which is purchasing more than \$1.2 billion of agricultural commodities from the U.S. this year. Agriculture is again proving to be our most effective means of communicating with one-fourth of the world's people in the People's Republic of China.

President Park of Korea expressed appreciation for the substantial role that American farm products have played in the development of Korea.

Truly, food is an international language.

Food is a language that leaps oceans and crosses borders, piercing bamboo or iron curtains. It is the product that enables America to speak more forcefully, more powerfully, and more compassionately than any other nation in the world.

Thirty years ago, and twenty years ago, we were exchanging bullets in some of the areas that we visited these last three weeks. Today, we are exchanging bushels and bales. May we always speak this language of food and continue to exchange bushels and bales instead of bullets.

Many people regard Japan, Korea and Taiwan and the Philippines as the perimeter of our defense in the Far East. From another point of view, that same line constitutes a new horizon of opportunity to use America's great agricultural resources in waging the offensive of peace.

Along this Asian threshold of opportunity lies history's greatest opportunity to attack head on the age-old problems of hunger, malnutrition, pestilence, premature death and hopelessness. It is out of these very conditions that many of the conflicts of history have arisen.

It should have been driven home to us time and again that international tranquility and confidence can only be built on trust and hope; out of dreams possible of attainment; from the opportunity for sons and daughters to live better than their fathers and mothers; and from a full rice bowl with a little meat and gravy in it.

It is on this key front that the United States is fully prepared to make one of the most massive and meaningful contributions in history.

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WE WILL ALWAYS BE A NATION OF GOOD EATERS

In 1973, for the first time in recent memory, nearly every American gave some serious thought to the subject of food prices and supplies. Our experience with food last year raises several questions.

Are we going to reverse our long-time trend toward eating better? Will we be eating less meat, instead of the steadily increasing quantities we have gotten used to finding available? Will we begin spending a greater percentage of our income for food, instead of the steadily declining percentage which Americans have enjoyed over the past quarter century? Are we going to eat out less than has become our custom?

No indeed--four times no!

The rising food prices and the somewhat tighter supplies which Americans experienced in 1973 were but an aberration in a "good eating" trend that will most certainly continue.

That aberration was the result of three critical factors: 1) worldwide weather and biological abnormalities--over which man had no control; 2) economic problems around the globe--with which man has yet to learn to deal effectively; and 3) an American epidemic of political shortsightedness which brought counterproductive food price controls--to which the Body Politic in a democratic society will always be susceptible.

During 1974, Americans have been and will continue suffering the inconvenience and the irritation of recovery from the severe distortions in food supplies and prices which characterized 1973.

Address by Secretary of Agriculture Earl L. Butz before the Pacific Northwest Restaurant Convention and Exposition, Seattle, Washington, April 30, 1974, 12:00 Noon, PDT.

Looking ahead, we will be back on the trend line. We will continue to eat better--including more meat. We will continue to eat for a smaller percentage of our income. We will continue to eat outside the home more of the time. In short--we will always be a nation of "good eaters"!

The American diet will continue to improve.

Total per capita food consumption in the United States has been gradually increasing. That means we are just plain eating more food. The total slipped back just a little in 1973--but very little, and consumption will increase again in 1974.

Americans are eating more nutritious food. Our diets have shifted from starch to protein. Food protein available per person per day has increased nearly eight percent since 1948--from 94 grams to 101 grams. It is increasingly better protein too--with more of it coming from red meat and poultry, and less from beans and cereals.

In just the past 25 years, we have virtually doubled our per capita consumption of beef, increased slightly our per capita pork consumption, and more than doubled per capita poultry consumption.

In all cases, that meat is much leaner, younger, more healthful, and safer than it has ever been. However you want to slice it, that "good eating" has been getting better.

Even though total per capita red meat consumption dropped slightly to 175 pounds in 1973--down from 189 pounds in 1972 and 192 pounds in 1971, per capita red meat consumption will resume its upward trend in 1974.

Our best projections indicate that by 1985--just eleven years hence--Americans will be eating on an annual per capita basis 210 pounds of total red meat--including 140 pounds of beef--and 62 pounds of poultry. That means an increase of 20 percent for red meats and 24 percent for poultry from present consumption levels.

The American diet will continue to be a bargain.

Back in 1948, the American people paid nearly one-fourth of their take home pay for food. Last year, they paid less than 16 percent.

Some people quarrel that the computed average percent of take home pay spent for food misrepresents the plight of poorer families. Of course it does. Any average has that characteristic.

Yet, the calculation is still a sound basis for comparing the cost of food in America today with any other time in history and with the situation in any other country.

Of course, the poor have to pay more than 16 percent of their take home pay for food today--just as they had to pay more than 25 percent in 1948. But that fact makes the comparison between all Americans in 1948 and all Americans now no less sound. Clearly, things have been getting better.

Comparing America with the rest of the world, consumers in other countries spend these percentages of their take home pay for food: Great Britain--19 percent; Sweden--22 percent; France--26 percent; Japan--34 percent; the Soviet Union--over 50 percent; Korea--49 percent; Ghana--63 percent...and in none of these countries do people eat as well as in the United States. Canada is the only country other than the United States where people can purchase their food with less than one-sixth of their take home pay.

Looking at the food situation another way, Americans work a shorter period of time to purchase most food items than do most other nationalities. Again Canada is the main exception.

A comparison of national average hourly wage earnings for mid-1973 with food prices in various world cities proves the point. A worker in the United States needs to work three minutes to purchase a one-pound loaf of bread--yet a worker had to labor six minutes in Australia and West Germany, eight minutes in France, and nine minutes in Japan.

An American worker could purchase one pound of sirloin steak by working 27 minutes--while it took 50 minutes for the French worker, 74 minutes for the British worker, and 329 minutes for the Japanese worker.

Americans are eating more and more of their meals outside the home.

Twenty-five years ago only a few meals were eaten outside the home compared with the nearly one-third of our meals eaten away from home last year.

Eating out is no longer a luxury for the rich or a necessity for those working away from home. It is an available and an affordable option for nearly every meal.

While it is anyone's guess how many meals will be eaten away from home by 1985, it is not unrealistic to expect that Americans may be eating fully one-half of all meals away from home by then.

If that happens, and if the expected growth in population occurs, the volume of away-from-home meals in this country will increase by nearly two-thirds in less than a dozen years.

For consumers, that prospect spells continued "good eating." For the restaurant and food service industry, that spells good business--at least growing business opportunity.

This is a dynamic growth industry. For instance, in the ten year period from 1963 to 1973, per capita sales in eating places increased from \$78 to \$104--that is a constant dollar comparison, a real growth of 33 percentage points.

To place that growth in perspective, personal per capita consumption expenditures for all food were increasing, in constant dollars, from \$452 in 1973, a real increase of five percent.

The number of meals eaten outside the home should continue to increase--especially the "institutional" meals. Hospitals, nursing homes, schools, in-plant food service operations, colleges, and airlines all project sizeable increases in the number of meals to be served. Restaurants and other "non-institutional" away-from-home places to eat are also expected to enjoy growth--though it will indeed be more sensitive to economic conditions and changing consumer preferences.

Overall, the following changes in the economy seem to favor continued growth of away-from-home eating places: 1) an increasing number of working wives who have less time to prepare meals at home; 2) an increasing number of older people who are less able to cook at home and who are more likely to enjoy eating out; 3) a growing number of increasingly mobile college-age youth often without facilities, inclination, or time to cook for themselves; and 4) the increasing number of teenagers frequenting snack shops.

The away-from-home eating business will become increasingly competitive-- and its problems will demand sound management.

Projected growth in this industry will certainly demand endless changes in operational practices and physical facilities. Such changes are not new to you. They will increase rather than decrease.

Changes in the age characteristics and lifestyles of the population will seriously affect your approach--your decor, your menu, your mode of service. Establishments whose growth rates have depended upon children and teenagers may now have to adjust operations to a shifting market--or be satisfied with decreasing market shares because the end of the baby boom is already upon us.

Conversely, those establishments serving the 20-35 years of age young adult market should realize a substantial opportunity if they are successful in capturing the imagination and satisfying the needs of this new wave of buyers. Furthermore, great imagination is needed in serving the market represented by people 65 and older.

Manpower will continue to be one of your basic problems. It is an essential input. In recent years, the food service industry has experienced rapid turnover rates, shortages, training problems, and productivity problems.

While your manpower needs will continue to grow, the new arrivals in this country and the teenagers who have historically played important roles in this industry will continue to decline in this decade. Your manpower challenge is obvious.

American agriculture will continue to undergird this industry.

The restaurant business--the entire industry in the business of feeding people outside the home--is your business. You understand its problems and its prospects better than I do.

Sure, your welfare is important to the Secretary of Agriculture. That is why I am before you. That is why I have spoken to some of the concerns you face.

There is one very vital concern of your business which is very much my business too--that is the basic production of food.

Let me state as affirmatively as I know how that American agriculture will always undergird this nation's capacity to have a high percentage of our meals eaten outside the home. American agriculture is one of the luxuries that most of the rest of the world does not enjoy, and it exists for several basic reasons.

American agriculture's productive capacity is unparalleled. The United States has the world's greatest area of fertile land, with abundant moisture, and suitable climate. The American farmer is the most sophisticated, the most scientific, the most progressive, the best financed in the world--and his efforts are complemented by the most advanced industry to serve agriculture known to man.

These tools--the resources, the manpower and management, and the technology--give America a productive capacity to feed this country "high on the hog"--and to also feed an increasing number of people overseas.

-more-

American farmers continue to set new yield records and new production records--nearly every major grain crop set a new record last year. New records are also projected for this year.

This increasing productivity, coupled with the American farmers' constantly improving efficiency, make it possible--despite consumer concern for food prices--for food to be a better buy in this country than anywhere else.

This great American agricultural industry which produces the meals which you serve on your place mats or in your cafeteria lines or in your carryout containers has the strength that it does because American agriculture remains free, market-oriented, and incentive dominated.

American farmers expand or cutback, intensify or diversify, try a new crop or give up on an old one, cull or rebuild, demolish or remodel based on the price incentives which are signalled in the market.

Government, from time to time, has sought to insert its own signals into the market mechanism. Its record is mixed, at best.

Price controls imposed on the food industry last summer--meat in particular--were a counterproductive kind of interference. Their results were negative. Instead of increasing supplies as needed--controls signalled farmers to cut numbers back. Therefore, instead of lower prices, when controls were eased, consumers faced higher prices. The biggest damage done was to farmers' confidence in the Body Politic to keep its hands off the market mechanism and let it work.

After nearly 40 years of experimentation with government production controls--farmers, the public, and the Congress have finally opted to turn American agricultural policy around in order to let farmers produce for markets instead of government programs.

Hopefully our short experience with price controls was painful enough that we can put that political tool in the box labelled "bad economics."

If the incentive system is allowed to function, American agriculture will never fall short of producing abundant and high quality food--which the restaurant and food service industry can then "serve up" to Americans to the greatest extent that the "eating out" market will bear.

Together, we will keep this country of ours a nation of good eaters.

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NO TIME TO LOSE CONFIDENCE

Even though farm income has improved in the aggregate, right now one of the very tender spots in agriculture is the fed cattle market.

This is a serious matter--for cattlemen, and for the nation.

Beef is by far the largest component of animal protein in the American diet.

We are a beef-eating nation. We have nearly doubled per capita beef consumption in this country in the last 25 years. To meet the demand generated by this increased rate of consumption and population increases, the beef industry has increased beef production until it is 2.5 times the 1948 level.

This progress has been achieved partially by increasing the nation's beef cow herd. We are now feeding out nearly all of the calves produced. Production testing and genetic research have also played an important role.

In the last two decades the beef industry has witnessed a substantial increase in the number of commercial feedlots. This move toward specialization in the production of beef has tended to increase efficiency. Drylot feeding has greatly shortened the time required to finish a feeder animal--and a number of other advancements have greatly improved the record of feeding efficiency. These factors add up to substantially more beef tonnage per cow in the nation's beef herd.

Although cattle feeders are accustomed to cyclical swings in prices and profits, seldom have they been subjected to such a dramatic price drop or such a serious depression as at present.

Address by Secretary of Agriculture Earl L. Butz at the Nebraska Legislative Conference, South Sioux City, Nebraska, May 14, 1974, 2:00 p.m., CDT.

Several disrupting factors in the red meat animal situation in the past two years have brought this situation about.

Eighteen months ago, red meat prices--beef prices particularly--began rather pronounced rises. Housewives rebelled. They instituted beef boycotts. Then their campaign was fanned by agitators who crusaded against all rising food prices--but beef prices particularly.

Political pressure developed for price ceilings. They were imposed about one year ago.

The combination of consumer boycotts and meat price ceilings--among other things--greatly altered the normal flow of cattle from range, to feedlot, to market.

Placements in feedlots were down to below normal levels during most of 1973. Marketings of fed cattle were also below normal, particularly in the summer, as feeders anticipated better prices at the end of the price ceilings.

The volume of marketings inevitably increased in the weeks right after the price ceilings ended--with further negative impact on the prices received by cattle feeders. Again, movement of cattle into feedlots slowed.

This pattern of activity is unusual, but completely explainable. Cattle feeders were merely reacting to the price signals from the market. The signals were telling cattle feeders to be wary.

Then in early February came the independent truckers' strike--which helped push beef prices to record levels in retail counters.

Consumer resistance then stiffened again. Prices dropped drastically. We are still seeing consumer resistance--and the results of it.

It apparently takes a little time to "buy back" the market for beef. That is being done---slow though the process may be. As supermarkets promote beef and lower retail prices, consumers are buying more beef.

Compounding the current situation is the fact that some feeders have held animals to heavier weights in the hope that prices will improve. The Cattle on Feed Report of April 1 shows a 15 percent increase from last year in the number of cattle on feed over 900 pounds.

These heavy cattle are now being worked off. This situation will be corrected in approximately the next three weeks. Then this depressing factor of heavy cattle on the market will be behind us. That should strengthen prices.

An important factor in the creation of the current loss position in which many feeders find themselves was the relatively high cost of the feeder stock that moved into the lots six to eight months ago.

Now, that was not an unwelcome situation to the cow and calf operations out in the Sandhill region--or in other corners of this State. Yet, to all feeders, it simply represented a substantial increase in costs.

Replacements are now moving into lots at \$15 to \$20 per hundredweight below the feeder prices paid for those finished animals now coming out of the lots. This means that recent feedlot placements start in a much better relative profit position than was the case a few months ago.

Another factor affecting profits in feedlots has been the higher cost of feed. Higher food prices have helped feed grain and protein meal producers cover their rising costs--but higher feed prices have been a large factor in the losses some cattle feeders have reported.

Feed prices will be substantially lower in the months ahead than they have been during the past feeding season. The grain market already reflects the prospects for bumper feed grain crops in 1974. Protein supplies will be adequate and reasonably priced.

The cost of gain on recent feedlot placements should be substantially below the cost of gain on cattle coming out of lots today.

Let us take a look at the demand side of the beef situation. Have people stopped eating beef? Not at all.

Beef consumption per capita was about 109 pounds in 1973--down slightly from the record 116 pounds in 1972. That 1972 figure was up 31 pounds--36 percent, or 3 percent per year--from 85 pounds per capita in 1960.

Beef consumption will continue its upward climb this year. Our best projections indicate that by 1985--just eleven years hence--Americans will be eating, on an annual per capita basis, 140 pounds of beef.

Combining these per capita increases with the population increase expected by 1985 means that as a nation we will be eating about one-third more total beef in less than a dozen years. That represents a substantial increase in beef demand.

The commercial beef-feeding industry is here to stay. We will continue the specialization in beef production that has developed over two decades or more.

By its very nature, heavy beef-feeding is somewhat speculative. It requires a heavy investment per animal. Historically, it has become an industry of fluctuating profits. It calls for fairly substantial capital reserves. Whoever is in the beef-feeding business must be prepared to survive an occasional tough season. The industry has always been that way.

The financial exposure is greater for those feeders who buy all their feed than it is for the more traditional farm feedlot that utilizes primarily farm-grown feeds.

But, even with all these risks and uncertainties, the fact remains--America is a nation with an expanding population and a growing appetite for beef.

Pork producers are also experiencing severe price problems. Hog prices are now less than half the record levels reached last August. Pork producers have also suffered the same feed price squeeze that cattle feeders have.

Not a very substantial percentage of pork producers buy feeder pigs--so the problem with higher priced feeders has not been quite as great for pork producers. Yet, as feed prices have risen, the costs of raising each litter of pigs has increased. Pork producers now share the depression being suffered by cattle feeders.

We all recognize that farmers and ranchers will be able to meet the nation's demand for red meat only if there are some good profit prospects at the end of the tunnel.

There is light at the end of the tunnel for our meat producers. Based on the number of cattle now in feedlots, it appears certain that we will have fewer fed cattle ready for market later this summer. That--coupled with demand--should help strengthen prices.

That prospect--along with the lower prices paid for recent placements on feed, lower costs of feed, a general upward turn in the economy, and some wage increases with the increasing purchasing power that will result--should mean that at some point the profit picture in the cattle industry is going to turn around, perhaps by late summer or fall.

Hog producers also should see some improvement soon. Pork production will drop seasonally before long, and hog prices are expected to advance into the summer.

Now is no time to lose confidence in this great meat industry.

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PLenty OF THE STAFF OF LIFE

For the first time in many years, the man on the street has been concerned about the food chain--that remarkable structure of enterprises reaching from the extractors of raw materials, to the manufacturers and dealers of farm inputs, to farmers on the land, to food processors, to manufacturers, to retailers, and finally to consumers.

To put it simply--man has been thinking seriously about his daily bread. He wonders whether our long-term trend in America toward eating better is going to continue. He wonders whether we are going to maintain an adequate reserve supply of food. These concerns deserve straight answers.

We will always be a nation of good eaters.

Total per capita food consumption in the United States has been gradually increasing. It slipped back just a little in 1973--but very little.

The rising food prices and somewhat tighter food supplies experienced in 1973 were an aberration from the trend--caused by worldwide weather and biological abnormalities, economic problems around the globe, and an American epidemic of political short-sightedness which brought on counter-productive food price controls.

Per capita food consumption will increase again in 1974--and our "good eating" trend will most certainly continue.

Address by Secretary of Agriculture Earl L. Butz before the Millers' National Federation, Colorado Springs, Colorado, May 15, 1974, 9:00 a.m., MDT.

Food is a bargain in America.

Last year, Americans paid less than 16 percent of their take-home pay for food--compared with nearly one-fourth in 1948.

Admittedly, that figure is an average. It misrepresents the plight of poor families. Any average has that characteristic. Nevertheless, calculating the average percent of take-home pay spent for food is a perfectly sound basis for comparing the cost of food in America today with any other time in history and with the situation in other countries.

While Americans spend less than 16 percent of their take-home pay for food--the British spend 19 percent, the Swedes spend 23 percent, the French spend 26 percent, the Japanese spend 34 percent, the Koreans spend 49 percent, the Russians spend over 50 percent, and the people of Ghana spend 63 percent.

Furthermore, in none of these countries do people eat as well as in the United States. Canada is the only country other than the United States where people can purchase their food with less than one-sixth of their take-home pay.

The milling industry plays a key role in the high level of eating which Americans enjoy.

It is common knowledge that not every measure of improvement in the American diet has been good news to wheat farmers, millers, bakers, or other manufacturers of products made from flour.

The sizeable increase in the per capita consumption of meat in recent years has represented at least some shift in eating habits. In some cases, that shift may have been from cereal products to meats.

Yet, the demand for the wide array of food products made from flour remains strong. That is good news for the milling industry.

One headline in a recent issue of Supermarketing magazine read, "Quality Baked Goods Grabbing Bigger Market Share." Demand is also growing for baked products which suggest additional nutritional benefits. That is especially true for breads.

While white bread is still a prime seller--in fact, it ranks 8th in volume sales of all supermarket items--many specialty items, such as dark breads and Italian bread, are gaining ground. The sale of rolls and buns has also been increasing.

The affluence of the American consumer, which will continue to affect consumers' buying patterns, works in favor of the imaginative use of flour. One entrepreneur who was quite successful in expanding high quality bread sales in his store told Supermarketing magazine-- "The customer thinks price, but can't resist freshness, flavor and aroma."

American homemakers too are finding new and imaginative uses of family flour in their own kitchens--at least new to them. Sales of flour started increasing last summer. It first appeared that consumers were hoarding flour. But the market increases continued beyond the temporary nature of hoarding. Grocers who had stocked only 5-pound and 10-pound bags of flour began carrying 25-pound bags. For a time, family flour millers had trouble keeping up with demand. Extension homemaking classes on home baking are popular as one defense against inflation. This now certainly appears to be a growth area for your industry.

The snack market--which grows rapidly as people have more money to spend, and as they eat fewer and fewer meals at home--is another growth market that will continue to expand.

As we look increasingly in agriculture toward the global market, developments in the use of fortified cereal products introduce opportunities which are limited only by population growth.

Of course, flour millers do not make the decisions in the supermarkets or in the merchandising chains which ultimately affect total flour sales--but, you do have influence. The concerns of bakers and other flour product manufacturers have been your concerns.

Millers' National deserves credit for its efforts in research and testing of new products. You also deserve commendation for your work with fortified products.

The extent to which you tackle these important responsibilities in the future, and succeed, will to a certain extent determine whether or not the great buying capacity of the American Consumer--spurred on by his desire to keep eating better--is directed toward products made from the wheat flour which is your main product.

There is no way the milling industry can escape the forces of supply and demand.

In 1973, when strong demand for meat pushed against existing supplies to pressure prices upward, per capita consumption of flour increased. The market mechanism induced some change in the consumption pattern. This is the way the market system works.

Several major milling companies have recently announced sizeable reductions in family flour prices--due to lower farm prices and easier wheat supplies. That in turn meant substantial reductions in the retail price of flour. That should also mean an increase in the purchase of flour and all products made from flour. They will now be a better buy--and consumers will respond.

Efforts to achieve peace in the Middle East offer bright prospects for the flour milling industry.

One of the byproducts of the Nixon Administration's progress toward peace in the Middle East has been improved diplomatic relations with Egypt.

In the 1960's, Egypt was the major export purchaser of wheat flour from the United States. After the 1967 war, our relations with Egypt deteriorated--and our trade with Egypt stopped.

With the peace efforts being made, there is a possibility for recovery of that flour export market--especially for commercial sales which translate directly into expanded markets for the flour milling industry.

Food security is everybody's business.

In discussion about food reserves, one of the chief items of concern is wheat. Bread is the staff of life; bread is made with flour; flour comes from wheat. When many people talk about food reserves, they really are talking about wheat and flour reserves.

For many years the United States, along with Canada, essentially carried the world's food reserves--as a byproduct of price support programs that channeled surplus products into government ownership and control.

Everybody in this nation and throughout the world was comfortable in the knowledge that substantial reserves were always available in the United States--accumulated and maintained at taxpayers' expense--at a price not to exceed the Commodity Credit Corporation release price plus freight.

No wonder neither the disaster prone nations, nor the substantial food-purchasing nations, nor the grain trade, nor the industries which process such commodities were seriously enough concerned about food reserves to make any arrangements to ensure their own supplies.

We are now in a new ball game. The United States government is out of the commodity business. We hope to stay out of the commodity business. We have a new farm program based on the philosophy that market incentives, rather than government directives, should guide farm production and marketing.

The absence of government-held stocks in the United States in no way signals any diminished need for adequate food reserves. It merely shifts responsibility for this function--from the supplier nations to the purchasing nations in the international sphere, and from the public sector to the private sector in the United States.

Some people have tried to drive a wedge of difference between the philosophy which I firmly maintain with regard to food security and that advocated by Secretary of State Henry Kissinger. Such a gulf does not exist.

Secretary Kissinger called for a World Food Conference to consider the subject of food security. That conference will be held in November in Rome under the auspices of the United Nations. I concur that the nations of the world must sit down together to consider the question of food aid responsibility and administration. Department of Agriculture Officials have been preparing for that conference for several months.

Secretary Kissinger has indicated that the world needs a better system of providing food aid in times of famine and other emergencies. I certainly agree. Our own Public Law 480--which has an enviable record of food relief--was designed as a means of dealing with unwanted surpluses. Those days are gone. That situation has changed.

I have proposed that the subject of food aid be a multi-national responsibility. Indeed, that will be one of the chief subjects for consideration in Rome in November.

Secretary Kissinger has cited the need for more agricultural production--here and worldwide. I agree, and the approach being taken by the Department of Agriculture is to expand agricultural production--to unlock our potential and unleash our farmers so that the food needed for the world can be produced.

My great concern is not whether there should be reserves. There must be food reserves. My great concern is who shall own them, pay for them, handle them, and control them. That issue is far from settled.

There are those who press for internationally-owned or internationally-managed food reserves. While I am not one who subscribes to that philosophy, I do think that we indeed need more adequate machinery for reporting world food supplies and mapping world food needs by geographic areas and by nations.

We may well need a more adequate method of projecting potential needs for carry-over food supplies. We may well need a better set of guidelines for individual nations to consider following with regard to their particular plans to maintain adequate food supplies.

Within that framework, however, each nation should be essentially left to its own devices to meet its own food and reserve needs.

In the United States we have a free market economy. If the market signals are to work effectively under that system to guide production and distribution, then reserves must be held by the private sector.

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Farmers must hold much of our reserve. They have in the past, even when it was under government control, and they will continue to. It will be in their best interest.

The private grain trade must be responsible for maintaining reserves. That will be in their best interest.

The milling industry, and your equivalent for other commodities, must now plan for and maintain reserves. That will be in your best interest.

The baking industry, and its many counterpart food manufacturers, must plan for and maintain reserves. That will be in their best interest.

Farmers will maintain reserves--to earn a better price. The grain trade will maintain reserves--in order not to fail on its contracts. The milling industry will maintain reserves--in order to protect itself with the grain trade in times of short supply or heavy demand, and in order to meet its commitments with bakers and other buyers. Bakers will maintain reserves--in order to ensure adequate supplies for meeting their daily production requirements.

As long as the government held reserves, nobody else needed to. Now, it will be in the interests of others to do so--and they will. American consumers can then be assured of plenty--plenty of wheat, plenty of flour, plenty of bread ... the staff of life.

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Advance for Release at 6:30 A.M. EDT, Wednesday, May 15, 1974

USDA 1356-74



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THE DETERMINANTS OF DEPENDABLE SUPPLY

The United States has adopted a new agricultural policy in the Seventies--a policy of full production. After 40 years of Government programs designed to curtail production, we have moved to a policy which unleashes the productive capacity of our farms and our farmers.

What does that really mean? Basically, it means that American agriculture will make available a constant and dependable supply of farm products for all users at home and for our foreign purchasers as well.

American agriculture's productive capacity is unparalleled. The United States has the world's greatest area of fertile land, with abundant moisture, and suitable climate. The American farmer is the most sophisticated, the most scientific, the most progressive, the best financed in the world--and his efforts are complemented by the most advanced industry to serve agriculture known to man.

American farmers continue to set new yield records and new production records--nearly every major grain crop set a new production record last year. New records are also projected for this year.

The American agricultural industry has the strength that it does because it is free, market-oriented, and incentive dominated. American farmers expand or cut back production, intensify or diversify operations, try a new crop or give up an old one, cull or rebuild flocks and herds, and demolish or remodel facilities based on the price incentives which are signalled in the market.

Address by Secretary of Agriculture Earl L. Butz before the International Foodservice Manufacturers Association, Chicago, Illinois, May 15, 1974, 7:00 p.m., CDT.

To make the concept of full production work, farmers must have a dependable market--and a growing market. You represent an increasingly important part of that market. Thus, those of us who are in the business of producing food are partners with you as you feed an expanding segment of a growing population.

If you want the assurance of a stable supply of farm products, then you need to plan ahead--to let American farmers know in advance what your needs will be, to purchase further ahead, and to store more for your own needs.

The days are gone when the United States government will hold huge supplies of grain at taxpayers' expense. The government will no longer be the nation's warehouse--acting as the residual supplier, while holding an umbrella over the market.

That is the same message which we convey to foreign buyers of farm products. It applies to them, as it applies to you.

On my recent mission to Asia, I found an undercurrent of belief--and hope perhaps--that the United States would once again stockpile food for the world at United States taxpayers' expense. I stated firmly and resolutely that such a thing is not going to happen again. I now say the same thing to you--as well as to the grain trade, to processors, and to other food manufacturers and merchandisers.

Your market is a growing market. Americans now eat nearly one-third of their meals outside the home. Twenty-five years ago only a few meals were eaten outside the home.

Eating out is no longer a luxury for the rich or just a necessity for those working away from home. It is an available and an affordable option for nearly every meal.

While it is anyone's guess how many meals will be eaten away from home by 1985, it is not unrealistic to expect that Americans may be eating fully one-half of all meals away from home by then. Perhaps that benchmark will be reached by 1980.

If that happens, and if the expected growth in population occurs, the volume of away-from-home meals in this country will increase by nearly two-thirds in less than a dozen years--perhaps in a half dozen.

Hospitals, nursing homes, schools, in-plant food service operations, colleges, and airlines all project sizeable increases in the number of meals to be served. Restaurants and other "non-institutional" away-from-home places to eat are also expected to enjoy growth--though it will indeed be more sensitive to economic conditions and changing consumer preferences.

A great challenge faces the food service manufacturer--that challenge is making those meals eaten outside the home better meals.

Succeeding in that challenge is in your interest--it would give you a better market. It is in consumers' interest--it would give them a better diet. It is in farmers' interest--it would be an important step toward nailing down a more dependable and stable demand.

Let's face it--some meals eaten outside the home are not very nutritious. Many of them are catch-as-catch-can. Too many of them are not well balanced. Too many of them are of the snack variety--they only partially satisfy the nutritional needs of people. That is especially true for youngsters.

You can do something about the quality of meals eaten outside the home. The food service manufacturing section of the eating business in America--along with the rest of the business, of course--has some responsibility for nutrition, for health, and for education. The Federal Government has a role as well.

At least part of our dietary deficiencies, where they exist in America, are really educational deficiencies. That has to be true. Even with the higher food prices which we have experienced during the last year, food in this country is still a bargain. Good food--healthful and nutritious food--is available. It is within reach of nearly every American. Most malnutrition exists because the individual's choices or his parent's choices are unwise ones--not because of scarcity. The only way to improve the choices being made is through education.

The Department of Agriculture is making progress in this direction through our Expanded Food and Nutrition Education Program. Our tests indicate that people reached through this program administered by the Extension Service are eating more nutritious and more healthful diets.

One of the best ways to upgrade nutrition, however, is on the part of those who make food available--those who process it, manufacture it, package it, prepare it, cater it, and serve it. The choices made by consumers are partly a function of the food that is offered.

Sure, every food service business offers what will sell. That is what business is all about. That is consistent with the time-proven axiom of successful business that consumer preference prevails.

Yet, the whole philosophy that undergirds the great advertising industry in America is that it is possible to influence taste and that it is possible to influence consumption patterns.

We do an increasing amount of advertising in this country. It is a must in your business. You are highly promotion conscious. Obviously, you think you can influence spending patterns--or you would not spend money on advertising.

In your advertising and promotion thrust, you must do more than simply seek to expand dollar volume. You must also assume some sense of social responsibility.

You must put some education into your advertising and sales. It will not be done at the sacrifice of sales volume. Nor will it be done at the expense of propriety. It will enhance both of them.

The Advertising Council spends millions of dollars in free advertising for educational purposes--for Smokey the Bear, for environmental cleanup, for safety, for drug abuse prevention. The food service industry is one in which educational advertising can be done--and it will pay. It will be mutually beneficial to the advertiser, the customer, the supplier, and the producer.

You must be concerned with more than directing consumer choices so that you shift from one rate of consumption to an expanded rate. You must also be increasingly concerned that those shifts represent levels of consumption which are more healthful and nutritious.

As you facilitate wiser consumer choices, you provide a constantly growing outlet for this great American agriculture that we have now turned loose to produce fully. Together we can team up to make a happier America--not with merely the satisfaction of eating and the convenience of eating--but also with the healthfulness and the nutrition of good eating.

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Advance for Release at 6:30 P.M. EDT, Wednesday, May 15, 1974

USDA 1357-74

Asst. Dir. NAL
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WE WILL ALWAYS BE A NATION OF MEAT EATERS

Can Americans maintain a diet high in animal protein?

Many people are raising that question because consumers ate less red meat per person the last couple of years--after a steady 15-year increase.

People did eat about 14 pounds less red meat per person in 1973 than in 1972--from an average of 189 pounds apiece to 175 pounds. They ate seven pounds less beef, six pounds less pork, and one pound less lamb and veal.

Some people look at those figures and conclude that Americans are backing away from red meat. Not so! In truth, American consumers ate all the red meat there was to eat in 1973.

Less red meat was marketed in 1973 than in 1972, in part at least because of consumer boycotts and government price manipulation.

The consumer rebellion against meat prices began more than 18 months ago when red meat prices--beef prices particularly--began rather pronounced rises. Beef boycotts were organized in some places; meat boycotts were organized in others.

The boycotters' cause was fanned by agitators who crusaded against all rising food prices. But meat prices, and particularly beef prices, were the prime target.

Consumer boycotts had some temporary effect upon demand. That began to distort the normal price signals in the marketplace which guide the movement of cattle and hogs through to channels of breeding, production, feeding, and marketing.

Address by Secretary of Agriculture Earl L. Butz before the California Livestock Symposium, Fresno, California, May 30, 1974, 8:15 p.m., PDT.

Consumer agitation was soon converted into political pressure. That pressure caused price ceilings to be imposed about a year ago.

Those price ceilings were unwise. I objected before the fact--and continued my objection when those controls clearly yielded counterproductive results.

The artificial price restraints imposed on the red meat industry last year greatly disrupted the normal flow of meat animals which become available for consumption.

Boycotts and controls distorted price signals and disrupted production. As a result, consumers suffered a slightly and temporarily reduced supply of meat--and livestock producers are now suffering a delayed, but indeed a serious, price and income depression.

Cattle feeders have been hardest hit.

During most of 1973, placements of cattle in feedlots were below normal levels. Marketings of finished cattle were also below normal--particularly in the summer as feeders anticipated better prices at the end of the price ceilings.

During the weeks immediately after the price ceilings ended, the volume of cattle marketed increased. That was inevitable. But it soon had further negative impact on prices received by cattle feeders--again slowing movement of cattle into feedlots.

Before the earlier distortion and disruptions could work themselves out, the independent truckers' strike in February curtailed beef shipments and helped push retail beef prices to record levels at meat counters.

Then consumer resistance stiffened again, and prices dropped drastically. Some consumer resistance continues today--and the price depression in fed cattle lingers.

"Buying back" the market for beef is a slow process. There is evidence that consumers are moving back into normal buying patterns as larger quantities of beef move into the market and as supermarkets promote beef and lower their retail beef prices.

The current situation is compounded by the fact that some feeders, in the hope that prices will improve, have held animals to heavier weights. The April Cattle on Feed Report indicated a 15 percent increase from last year in the number of cattle on feed over 900 pounds.

Those heavy cattle will be worked off within the next 2-1/2 to 3 months--and with the depressing supply of heavy cattle on the market behind us, prices should strengthen.

The relatively high cost of the feeder cattle that moved into the feedlots 6 to 8 months ago helped create the current loss position in which many fed cattle producers find themselves.

Recent feedlot placements--which moved into lots at \$15 to \$20 per hundredweight below the feeder prices paid for the animals which are now coming out of the lots--start in a much better relative profit position than was the case a few months ago.

The higher cost of feed--admittedly "good news" to feed grain and protein meal producers--has also helped create losses for some fed cattle producers. The market already reflects prospects for a 1974 bumper crop--which, if it develops, will mean substantially lower feed prices in the months ahead than during the past feeding season.

Pork producers are also plagued by severe price problems. Hog prices are now less than half the record levels reached last August.

The problem of higher priced feeder pigs has not been quite as great for pork producers as for cattle feeders. Not very many pork producers buy feeder pigs.

Yet, pork producers have felt the feed price squeeze. The cost of raising each litter of pigs has increased as feed prices and other costs have risen--so that pork producers now share the depression suffered by cattle feeders.

A relatively recent development now threatens our livestock industry--but it comes down hardest on the beef industry.

The profit squeeze which American livestock producers are suffering also is being felt in Japan and the European Community. To bolster sagging livestock prices, the European Community and its member nations recently took steps to restrict beef imports and subsidize meat exports. Japan has imposed a temporary meat import suspension.

That leaves the United States the only major meat importer without significant import restrictions--a situation that threatens to intensify the already severe pressures on the United States livestock industry.

A great deal of international cooperation will be necessary in order to find solutions which will avert damage to the world livestock economy--a prospect which certainly would not be in the interest of either producers or consumers.

We are seeking such cooperation from our trading partners. Indeed, cooperative effort is the preferred approach for solving emerging world livestock and meat problems.

We must avoid, if at all possible, continued unilateral efforts by importing countries to use restrictive trade measures to adjust to present problems. It is our intention to do everything possible to achieve multilateral cooperation to solve meat trade problems.

If this international meat situation can be improved--and I am confident that it can--then the distortions and disruptions of the past year will work themselves out. The health of the industry will then improve--and we will also have more red meat in the months and years ahead.

We came into 1974 with 127.5 million total cattle and calves--five percent more than 1973.

Perhaps in the coming months a smaller share than normal of this beef will come to market as fed beef, and perhaps a larger share than normal will be grass fed. But that is a temporary aberration from the long term trend.

Let's look at the important things.

Higher beef tonnage is out there--more cattle are there to come to market, sooner or later, fed or off grass. That means plenty of beef in the supermarket.

The brood cow population is intact and growing. We came into 1974 with five percent more beef cows than we did a year earlier--42.9 million head.

This is not a plateau in breeding, feeding, or marketing. This great beef industry is moving ahead--and there remains great opportunity for increased efficiency in production, marketing, and distribution.

The total economy in America continues to grow, and the purchasing power of consumers will continue to rise.

By 1985--just eleven years hence--Americans will be eating, on an average per capita basis, 140 pounds of beef. Crank in the projected population increase, and it becomes clear that as a nation we will be eating about one-third more total beef in less than a dozen years. That represents a substantial increase in demand.

Only one thing could prevent farmers and ranchers from meeting the nation's demand for red meat--a bleak profit prospect at the end of the tunnel.

Livestock producers are used to hard times--too used to them. We expect hard times once in a while. But we do not like them--nor will we ever.

Until just recently, the livestock industry came through a period of pretty good times--certainly better than normal. American livestock producers badly needed that boost to get their financial house in order.

Current price-cost relationships, however, are surely nothing to get enthusiastic about. They must improve.

Over the long pull, the only way this best-fed nation in the world can expect the livestock industry to meet the coming demand for red meat is to keep the industry profitable--to maintain prices sufficiently high to attract investment in the industry, and to induce young and competent men and women with the necessary expertise to remain in the industry.

I have every confidence that under our American incentive system the livestock industry will remain profitable, the demand for red meat will be met, and WE WILL ALWAYS BE A NATION OF MEAT EATERS!

Advance for Release at 6:30 P.M. EDT, Thursday, May 30, 1974

THE JOURNAL

The Journal of the Royal Anthropological Institute is a quarterly publication of the Royal Anthropological Institute of Great Britain and Ireland. It is devoted to the publication of original research papers and reviews in the field of anthropology. The Journal covers a wide range of topics, including physical anthropology, cultural anthropology, linguistics, and archaeology. It is a leading journal in the field and is read by anthropologists and other scholars throughout the world.

The Journal is published by the Royal Anthropological Institute, which was founded in 1871. The Institute is a charitable organization that promotes the study of anthropology and the human race. It has a long and distinguished history and is one of the leading organizations in the field of anthropology in the United Kingdom.

The Journal is published four times a year, in January, April, July, and October. Each issue contains several papers, some of which are written by leading anthropologists. The Journal is a valuable source of information for anyone interested in the study of the human race.



may 30, 1974

NEWS

U.S. DEPARTMENT OF AGRICULTURE

USDA TAKES QUARANTINE ACTION ON CATTLE SCABIES IN NEBRASKA AND COLORADO:

WASHINGTON, May 30--Quarantines for psoroptic cattle scabies were removed today from two counties in Nebraska and Colorado, while another Nebraska area was placed under quarantine for cattle scabies by the U.S. Department of Agriculture (USDA).

Removed from quarantine were the Norman Grothe Feedlot in Antelope county, Neb.,--which was quarantined Dec. 21, 1973--and the Coors Company Feedlot in Weld county, Colo., quarantined April 12.

Officials of USDA's Animal and Plant Health Inspection Service (APHIS) said the quarantines were removed when investigation showed scabies no longer existed.

A quarantine was placed on an area in Douglas county, Neb., surrounding a feedlot of the Ruser and Sons Feeding Co. following the discovery of scabies.

Scabies is caused by tiny, parasitic mites that puncture the skin of the cattle and feed on the body fluids released from the wounds. Although the wholesomeness of the meat is not affected, the disease causes financial loss because cattle gain weight more slowly and require more feed.

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USDA 1512-74

May 30

ON THE WINDS

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THE GOLDEN ANNIVERSARY OF A PRICELESS CONCEPT

Wilderness is often described as a state of mind. If it is only that, we are proud that the Department of Agriculture was instrumental in turning that "state of mind" into a tangible national resource.

Wilderness is also described as a resource of great scientific significance, against which we can compare the effects on the land of a growing civilization. If that is true--the Department of Agriculture and its Forest Service can also take some considerable credit for having turned an idea into fact.

Wilderness is certainly one of the nation's irreplaceable resources--equal in significance to timber-producing lands, rangelands, and mass recreation sites. Again, we modestly accept credit as being involved in the sound management of that resource from the beginning.

However we describe wilderness, the creation of the concept was a sound step. I am delighted to be taking part in this Golden Anniversary Commemoration here where the wilderness concept became reality 40 years before the Congress granted formal endorsement of it.

It is particularly fitting that the Wilderness Society, which also traces some of its roots to the Forest Service, is here to honor the Department on this historic anniversary. I thank the Wilderness Society for its considerate gesture. The commemorative plaque which you have presented here will be judged by future generations as a landmark site in United States conservation history and as a credit to both your organization and the Department.

Address by Secretary of Agriculture Earl L. Butz at the Commemorative Ceremony for the 50th Anniversary of Wilderness, held at the Visitors' Center, Gila National Forest, New Mexico, June 2, 1974

Both the Department of Agriculture and the Wilderness Society can be proud of our roles in giving the United States a natural resource heritage unmatched by any other nation in the world.

From the three-quarter million-acre Gila Wilderness established administratively 50 years ago by the Department and the Forest Service, the wilderness system has grown to 11 million acres in National Forests, National Parks, and National Wildlife Refuges. This total area exceeds the individual areas of many of our States--nine of them to be exact.

Since that June day in 1924, the tentative efforts by the Forest Service to set aside some pristine lands to be protected in their natural state has developed into national policy. This is also the decade year of the National Wilderness Preservation System established by Congressional Act.

With the system's growth and public endorsement, we can be extremely proud of our accomplishments. But we still have considerable work to do.

We must fill in the gaps in the system and bring it to completion in reasonable balance with other land uses in the United States. We need some officially designated wilderness in Alaska, some additions in the West, and expanded wilderness-type opportunities in the heavily-developed East.

This is a task for the Congress, for the Administration, for the States, and for all citizens. The Congress has before it a number of recommendations for wilderness designation. The Administration is preparing more recommendations through the Forest Service, the Park Service, and the Fish and Wildlife Service in order to meet the 10-year study deadline set by the Congress in the Wilderness Act.

The States and the American people must take part in these decisions—because they know best the needs for both production and preservation lands. The agencies involved assure me they will meet this year's deadline.

Meanwhile, the Department of Agriculture is looking past this plateau of activity to the future expansion of the wilderness system within our National Forests. With an eye toward an orderly approach and massive public participation, the Forest Service is now gearing up on studies equivalent to those used to add to the system in the first 10 years of the Wilderness Act.

The Forest Service has just conducted a massive review of almost 56 million acres of roadless areas in the National Forest System. From this area, we have selected for study 274 areas with the highest apparent wilderness potential, encompassing 12.3 million acres.

These will be studied closely to determine if they do, indeed, fit the criteria for recommendation to the President and the Congress as additions to the National Wilderness Preservation System.

Our hope is to complete the Forest Service part of the system so that planning for wilderness management, as well as all other land uses in the National Forest System, can continue in an orderly manner.

At the same time, we have proposed legislation for the establishment of wildernesses within the National Forest System east of the Great Plains. This legislation is tailored to fit the special problems caused by the long-term effects of development in the East which has left few virgin forests.

We feel that the East, in which more than half the population lives, should also have the availability of wilderness-type experiences. However, opportunities in most cases must be created from lands which have in years past been logged over, roaded, or farmed. Many of these areas are now recovering a natural appearance—but they still show man's imprint. Eastern wilderness legislation is now being considered by the Congress.

I must emphasize that the public is involved in every step of the decision-making process in working toward completion of the National Forests' portion of the wilderness system. The process of selecting the 274 wilderness candidates in the roadless area review was one of the most comprehensive programs of public information and involvement ever conducted by any agency.

More than 300 meetings were held across the nation—drawing the attendance of 25,000 people and stimulating more than 50,000 opinions expressed orally or in writing. When we issued a draft environmental statement, we received another 7,000 letters, reports, and documents. All of these were considered in making our final environmental statement and in reaching our decisions on areas to be studied.

Although public involvement in decision-making is still an inexact art, we feel we made long strides along the pioneering trail toward perfecting that art.

These actions in the direction of rounding-out our wilderness system are positive. Yet, we also know that we simply do not have unlimited acreage and natural resources, particularly on public lands, to allow everyone to have everything he or she wants.

The demands from all types of interests are strong and persuasive. For example: during the period of conducting our roadless area review, we received some 10,000 letters and documents--unrelated to the review--urging us to increase our sale of timber because of high prices and the low supply of wood products available to meet the demand.

Because the demand for wilderness and the demand for other uses are often basically in conflict, the job of public land management is, at best, difficult. Management to meet those many demands must be integrated.

Until decisions are reached which will allow our managers to plan for the best balance of uses, our management efficiency will be hampered. The extent and scope of wilderness is one of those vital decisions. Because there are so often conflicts about uses among our many "publics," we are seeking every way possible to assure the citizenry an opportunity to help us make the kinds of decisions that will provide the most goods and services to the greatest number of people in the long run.

Both the Department and the public have agreed on the high priority of wilderness among these goods, services, and values. Our cooperative efforts now must be directed at studying, evaluating, and formulating alternatives so we can estimate their consequences and make further decisions.

We take particular pride in the fact that wilderness is part of the public lands use formula. We thank the giants of this movement from the earlier days of the Forest Service who laid the groundwork--such men as Aldo Leopold, Bob Marshall, and Arthur Carhart. Without their foresight, the nation could very well have overlooked a treasure of rare and lasting significance.

May the Centennial Anniversary of Wilderness, in 2024, reflect accomplishments in wilderness preservation in the next 50 years as significant as those in the first half century. I am confident that it will.

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Advance for Release at 12:30 P.M. EDT, Sunday, June 2, 1974

USDA 1513-74

Proc.
Rm. 002

Asst. Dir. NAL
NAL Bldg.
Beltsville, Maryland

IS BOXED MEAT THE ANSWER?

The task of the American food industry is easily defined: to produce plenty of the kinds of food people prefer, food that is healthful and of high quality, and food that is reasonably priced.

The food industry has served the consumer well. Americans like to eat. We eat a lot. We generally eat what we want. Our food is safe, fresh, and nutritious. Furthermore, we have been spending a declining percentage of our take-home pay for food.

The meat business has been an increasingly important part of the food industry. Consumers have turned more and more to red meat as a source of protein. Total per capita meat consumption has increased roughly 30 percent in the last 20 years. In 1971, when meat consumption climbed to 192 pounds per person, it was 54 pounds more than the 138 pounds per person consumed in 1951.

Beef has been leading the way toward making America a nation of red meat eaters. We ate 116 pounds of beef per person in 1972—exactly 60 pounds more than the 56 pounds eaten in 1951.

Per capita consumption of beef and all red meats was down slightly in 1973 from those records. The trend lines are turning upward again this year.

Two developments in the red meat industry in recent months emphasize new pressure on the meat industry to advance even faster than in the past to make sure this trend line continues upward—so that the industry can meet consumer demand for beef now projected at 140 pounds on a per capita basis by 1985, and 210 pounds of total red meat.

First--livestock producers, in recent months particularly, have faced a severe depression in market prices and profits. Cattle feeders have been hardest hit. Many have lost a lot of money. Some have gone out of business. The result is clear--there must be better price incentive for our livestock producers to continue producing meat if we are to reach the levels of consumption we have projected.

Second--consumers, in the last fifteen months particularly, have expressed an extreme sensitivity to meat prices. Many have temporarily turned away from meat. Some have begun to consider alternate ways of meeting their family protein needs. The result is clear--meat must remain a good buy if consumers are to continue increasing their per capita meat consumption at the rate we have projected.

In other words, if the meat industry is to maintain its prominence in America and expand as projected, then the price farmers receive must remain strong and the price consumers pay must be moderate.

That places meat packers, processors, wholesalers, and retailers in a real squeeze. Either the whole industry will decline--as fewer meat animals are produced and as meat consumption declines; or the whole industry will continue to expand--as packers, processors, wholesalers, and retailers find ways to cut meat marketing costs. Livestock producers must become more efficient too--but the real pressure is on that segment of the meat industry between the time the animal leaves the feedlot and the time the consumer carries a package of meat away from the supermarket.

Frankly, this is not an either/or issue. We cannot let the meat industry decline: consumers do not want that to happen; it would be disastrous for farmers if that happened; and the meat industry, I am confident, will not let it happen.

The real issues are--how, and when, can the meat industry be made more efficient? This Boxed Meat Seminar has been called to discuss those questions.

The "boxed meat" process has already made progress in cutting costs and in improving performance in moving meat from slaughter to the retail case.

Since the first boxed meat movement back in 1966, the supermarket industry has advanced to well past the half-way point in transferring fresh meat cutting from the back room of the supermarket to central operations either back with the packer or at some point in between. This has been one of the swiftest changes experienced in marketing history--and a sound one.

A survey conducted by the National Association of Food Chains in mid-year 1973 indicated that by 1977 all supermarkets will be receiving only about 20 percent of their fresh meat in carcass form, 65 percent in primal and subprimal form, and roughly 15 percent in consumer cuts. In other words, by 1977 roughly four-fifths or 80 percent of all fresh meat will arrive at supermarkets as boxed meat.

Boxed meat has been opted for so rapidly because when the boxed meat process has been used:

- Meat cutting efficiency has been increased.
- Shipment handling efficiency has increased.
- Retail store handling has been made easier and faster.
- Dehydration shrink of packaged primal cuts has been eliminated.
- Trimming shrink has been substantially reduced.
- Trimming are removed while they are freshest, and that permits improved and better control of quality, content, and case life of ground beef.

- The marketing life of the meat has been prolonged by protecting it from bacterial contamination and by withholding oxygen.
- Better sanitation and temperature control can be achieved.
- Retailers can now maintain a sufficient meat inventory as protection against delayed shipments.
- It is easier and safer to accumulate meat for sales and promotions.

The benefits of the boxed meat process have improved meat quality, cut costs, and reduced losses, which ends up being an added cost-cutting bonus.

Back in 1973, one prominent packing company proudly claimed more than a \$35 per head gain for using their boxed meat process of beef slaughter over the swinging carcass alternative. That gain may be more or less today. Many factors have an effect. Clearly, however, the boxed meat process cuts costs.

Several problem areas have stood in the way of further movement toward boxed meat—especially for boxing meat in consumer cuts right at the point of slaughter.

The United States Department of Agriculture is much concerned about these problems—and we are doing everything possible to find solutions.

One of the biggest problems in boxed meat is sanitation. We are in an age of tougher and tougher microbial standards. Our technology enables us to pick up smaller and smaller traces of impurities.

We must find ways to provide microbially cleaner meat that will not discolor or sour. This is not only a health problem but an economic one. If the microbial load can be reduced to a minimum at the slaughter plant, the chances of delivering a good product are greatly increased—whether to a supermarket in Sioux City, a meat market in Philadelphia, or a hotel in Madrid.

To cope with bacterial problems in packing and slaughter operations—and to cut shrinkage loss too—new processes are being developed to remove bacteria from the surfaces of carcasses and reduce moisture loss from surface tissues during cooling.

Progress in this area will improve chances for maintaining meat quality and case life throughout later stages of marketing.

In the late 1960's one of the great problems blocking boxed meat movement was objections by labor unions. Indeed, in some areas that is still a substantial roadblock. Yet, because there is a shortage of meat cutters, and because their union has been able to maintain jurisdiction in the cutting for boxed meat operations, the resistance has diminished somewhat.

One of the major problems is improving packaging technologies. Major technological breakthroughs have been achieved in developing new materials with added abuse resistance and which are greatly improved oxygen barriers. These new packaging technologies have probably been the greatest recent boon to the boxed meat movement.

We must find new methods of packaging with packages designed for ultimate placement in the display case, but which are also designed for the handling, loading, shipping, unloading, storage, temperature, and sanitation requirements of a completely centralized cutting and packaging system. We must also find ways to reduce packaging costs—an increasing problem.

The temperature, sanitation, and package itself must preserve color and freshness in the product so its bloom life in the case will satisfy the requirements in today's critical market.

Great emphasis is being placed on finding improved packaging techniques which, combined with proper refrigeration, could give fresh meat a very long life and could withstand the abuse of handling along the distribution channel.

Further standardization in packaging could very well further help cut costs. The USDA is working on possibilities of assisting industry to find ways to reduce the proliferation of sizes of shipping containers.

Progress needs to be made also in getting greater acceptance of boxed meat pricing throughout the industry. Too much of the industry still understands beef pricing in terms of carcass quarters--and not enough in terms of cuts, so quarters have some advantage which inhibits boxed meat expansion. There is also need for greater uniformity in meat cuts.

Transportation aspects of the meat distribution system are also important. We must find faster methods of moving meat, and we must find means of assuring delivery on time--a very critical problem. These are also important if we are going to seriously compete in the meat export market.

One specific development in controlled atmosphere technology is an improved refrigeration van which USDA has designed. It can keep loads at nearly constant cool temperatures more successfully than could earlier vans. One of these vans, filled with iceberg lettuce, is now on its way to Korea. If it is successful with lettuce, then we will be ready to try it on meat shipments. That will open up new export possibilities--and it will also improve our ability to move meat domestically.

It seems quite clear that the greatest advantage of boxed meat as far as transportation is concerned is that it adds great flexibility to use of transporting equipment and offers great cost-cutting opportunities. Refrigerated meat carriers can carry bigger loads of boxed meats. Vegetable and fruit carriers can carry boxed meat on back-hauls--and vice versa.

Red meat consumption will expand--if farmers have economic incentive to produce it, and if it does not cost too much at the supermarket.

Most of that increased consumption will be in beef. Our capacity to produce beef, however, is somewhat limited.

We have only so much water available in cattle country--the western plains, the inter-mountain region, and the far west. Cow herds will compete for available water with the increasing demand for water in crop irrigation. We can expect some limited expansion of beef production in these areas--but water is a limiting factor.

In the Midwest, resources used in beef production--land, water, labor, management, credit--must compete against corn and soybeans, and with wheat and grain sorghum in some areas. Only a few more cows can be added in this area because the old principle of comparative economic advantage works in favor of grain production.

We cannot shift much further from the production of dairy to beef. Our dairy cow herd is already distressingly small. Most of the marginal dairy herds have already been transformed for beef production.

We cannot shift much more from the production of veal to beef. We are already feeding out nearly every calf that can hold a mouthful of feed. Veal production and consumption per capita are at very low levels. There just is no potential here for further shifts to beef.

These facts inevitably mean that, to get more beef production at these margins, we must have stronger prices. For those of you in the meat industry--who understand ever so well that you cannot simply extract more dollars from the consumer--that means that you must pursue every avenue possible to cut the costs of meat processing and distribution.

I am not so naive as to assume that growth of the boxed meat process is the only area in which cost reductions might be achieved. Yet, it is indeed one of the prime ones.

As the boxed meat process is perfected, the industry can begin to add dimes and quarters onto the price you can pay producers so that we can have all the red meat that our consumers will be demanding in the years ahead.

If there are roadblocks to making this progress, we must do whatever is necessary to alleviate them--no matter whose sacred cows might have to be slaughtered in the process.

The alternative is to fail to get the increases in production which we really need to keep the meat industry growing. Then consumers will back away because they cannot get the meat that they want, and because they must pay too much for that which they do get.

Surely, further movement toward boxed meat is the answer to many of the marketing problems which currently challenge the red meat industry.

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Advance for Release at 6:30 A.M. EDT, Wednesday, June 5, 1974

USDA 1556-74

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WHEN WILL THE COMMODITIES PRICE SPIRAL END?

America continues to have a growing, expanding economy--with increasing levels of real income. In a given year, the economy may level off--but the long term trend line continues upward.

Therefore, the market for good food and the demand for pleasurable eating will continue to grow. Confectionery will always be a significant portion of that pleasurable eating.

From agriculture's point of view, we appreciate the market provided by the confectionery industry. The quantities of sugar, corn products, flour, oils, nuts, fruits, and other agricultural products which go into confectionery production are sizeable.

The confectionery industry is always interested in the prices of individual commodities. The widely fluctuating prices which we have experienced during the last year in American agriculture have affected you.

You use products of our basic grains--corn products and flour in particular. The price of nuts, sugar, and cocoa fluctuated sharply also--making increases in nearly all your raw product prices.

In recent months, prices of some of the commodities you must buy have achieved more stability--but at a higher level than you would like. Other prices have kept rising.

Corn prices have dropped back somewhat. That means the price of corn products will drop too--but not to the levels of prior years.

The price of flour has been reduced somewhat because of the substantially lower price of wheat in the last couple of months than was the case earlier this year.

The price of sugar has stabilized, and should continue to hold at present levels through the summer. Granted, those prices are considerably higher than you are used to.

The price of cocoa continues to climb--with First Quarter 1974 prices being double the price for First Quarter 1973--and nearly triple the level of First Quarter 1972.

The price of nuts is a little hard to generalize about: almond prices have remained fairly constant through the last year, but at a level 50 percent higher than the previous year; walnut prices are generally lower than they were last year; filberts are only slightly higher this marketing year than last; peanut prices are fairly stable--but higher than last year.

The price of oils is also well above previous levels: the soybean oil price has moderated somewhat--but is still more than double the 1973 average; corn oil is only slightly lower priced than it was early in 1974; and many other oils are holding firm or increasing in price.

Looking ahead, we are now entering an era of a new philosophy for United States agricultural programs. Our present goal is full utility of our agricultural resources.

The best possible guarantee of reasonable prices is full production. We have now embarked on a program of full agricultural production--with that production being guided by incentives in the marketplace.

Those incentives are effective. Farmers are responding with a 27 percent increase in wheat production this year and about an 18 percent increase in corn production.

Domestic acreage in sugar cane and sugar beets indicates a slight increase in domestic sugar production this year. Worldwide, sugar production appears to be increasing in response to high sugar prices last year.

Modest increases are also taking place in cocoa production.

The production of nuts cannot change greatly in a given year--but indications are that recent favorable nut prices encouraged new plantings and may cause some increases in production in the future. Peanut production will be up slightly this year, and almond production should be more than one-fourth above the 1973 record crop.

These production increases are all vitally necessary as our population grows. Population increases are reflected in increased demand--and that increased demand strengthens prices, which in turn stimulates production.

The point is this: producers are responding to the price stimulus for each product you buy, and that price stimulus reflects increased demand in the markets you serve.

The major factor in the commodities price spiral will not diminish until the fires of inflation in our economy finally cool. As I have pointed out, however, some commodity prices have leveled off, and some have even dropped.

There are bound to be rises and falls in commodity prices. That is the way the market works to guide production--both production increases as needed, and production cutbacks on those less and less frequent occasions when we produce too much.

But the days of unusually cheap commodity prices are over. Increased production is coming along--but that does not mean that your ingredient costs will go back to where they were.

It needs to be clearly understood that we are at a new price level. Production costs are higher. The dollar is inflated. Our currency has been devalued internationally. World price relationships have changed.

That places you in a higher seller's market too. The prices of your confectionery products have increased--and they are not likely to recede.

Consumer purchasing power will rise--as it has risen dramatically over the years. The percentage of take-home pay spent for food will continue its long time decline--after a fractional increase in 1973.

Those prospects portend a growing market for those of you in the confectionery industry who have the imagination and the efficiency to capture it.

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Advance for Release at 6:30 A.M. EDT, Wednesday, June 5, 1974

USDA 1557-74

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AMERICAN AGRICULTURE HAS WHAT IT TAKES

The world has recently been reawakened to the reality that the destiny of mankind depends upon this planet's capacity to increase food production.

World population grows by an annual net addition of 80 million people. United States population is increasing by 2 million people each year.

World population, now at about 3.7 billion, could reach 7 billion by the year 2000--despite massive efforts at population control. It is expected that the United States will add another 60 million people at a minimum--and perhaps 80 million people--by the end of the century.

Can the United States feed 80 million more people? Can the world feed 7 billion people?

Of course we can. Furthermore, we will. Otherwise world population simply will not reach such levels. An old, somewhat cynical axiom of demography says: Population will never outstrip the food supply--it is a biological impossibility.

The real question is not WHETHER we can feed 7 billion people--but rather HOW WELL we can feed them.

Can we feed them at a higher level of nutrition than at least half of the world's people now experience?

Can we make eating an exciting experience instead of a dreary exercise in holding body and soul together?

Can we raise the level of contentment and physical well-being of people to the end that world peace will be easier to attain than in a world faced with the drab prospect of endless hunger and starvation?

THESE QUESTIONS CAN BE ANSWERED IN THE AFFIRMATIVE FOR ONE CHIEF REASON--AMERICAN AGRICULTURE HAS WHAT IT TAKES TO PLAY A MAMMOTH ROLE IN HELPING THE WORLD ACHIEVE THESE ENDS. WHETHER OR NOT THESE QUESTIONS ARE ANSWERED IN THE AFFIRMATIVE WILL DEPEND UPON HOW WISELY AMERICA RESPONDS TO THIS CHALLENGE.

The United States is the world leader--in fact the world's savior--
in food production.

American agricultural policy has undergone a complete turnaround in the 1970's. After 40 years of cutback and curtailment, we have unshackled farmers to produce. The government is not paying farmers to hold a single acre of land out of production this year. We have sought--and we expect--record crops this year.

Yet, we are far short of maximum production. Ten years from now, however, America may be called upon to produce everything we can. The world community needs our production now. The world community will rely on our production more and more heavily in years to come.

One primary factor involved is the growing expectation of world peace. As the basis for world peace expands, nations can afford to extend their food lines--and most often those food lines will extend to American ports.

In a more peaceful world, greater and greater proportions of production and trade will be determined by comparative advantage and characterized by regional specialization. The greatest comparative advantage we have in this country, of course, is food production.

There has been--and there will continue to be--a great upsurge in purchasing power in the world. We are already experiencing a massive takeoff in consumer eating. The meat explosion is the next big boom. As people around the world demand more livestock products, the world's resources will be even more severely pressed than now--intensifying the challenge facing American agriculture.

American agriculture's revolutionary production surge in the past 25 years has been the miracle of the century.

Since 1948, corn production has increased by 55 percent--and grain sorghum by 600 percent.

Wheat production has increased by roughly one-third--with rice production two-and-one-half times the 1948 level.

Peanut production has increased nearly 50 percent--but soybean production is a whopping seven times what it was.

Fruit production is up by more than one-third--and commercial vegetable production has increased more than one-fourth.

Beef production is two-and-one-half times the 1948 level; pork production is up by more than one-quarter. We are producing 25 percent more eggs, five times more turkey, and nine times more broiler meat.

We are producing more food per capita--and better food too. Protein available per person per day has increased from 94 grams to 101 grams since 1948. It is better quality protein too--more comes from red meat and poultry, and less from beans and cereal products.

We are producing food more efficiently--so food takes a declining percent of our income. Nearly 15 million fewer farm people--more than 60 percent fewer--produce food now compared with 1948. One farm worker today feeds three-and-two-thirds times as many people as his counterpart did 25 years ago--55 people today, compared with 15 people in 1948.

American agriculture has the capacity to achieve production feats to dwarf our past accomplishments.

Some of our best farmers are now routinely getting acreage yields that are 50 percent or more higher than the national average.

The top 10 percent of corn farmers in 1972 had yields 50 percent above the national average--145 bushels per acre compared with 97 bushels. Top soybean farmers had yields 60 percent above the national average--45 bushels per acre compared with 28 bushels.

Top winter wheat producers averaged 50 bushels per acre, while the national average was 34 bushels. Top cotton producers obtained yields which were 80 to 85 percent above the national average.

Not all producers can reach the average yield achieved by the top one-tenth of our producers, but their record does provide some measure of the potential which exists.

With the technology we now foresee being used, Department of Agriculture scientists and forecasters can easily see a 9-billion bushel corn crop by 1985 (compared with 5.6 billion bushels in 1973) and wheat and soybean crops of 2.3 billion bushels each (compared with 1.7 billion bushels of wheat and 1.6 billion bushels of soybeans in 1973). Total feed grain production should easily top 300 million short tons in 1985--compared with a currently estimated 208 million tons for 1973.

America's farm production potential will not be reached accidentally.

As domestic and world demand for food increases, and as American agriculture gears up to produce more, we run into this fact: We have only a limited number of acres on which to accomplish our production.

Therefore, the production increases which are possible, and which will undoubtedly be needed, can be accomplished primarily with additional non-land production components--additional science and technology in various forms.

As we increase the non-land inputs, we compound the chance of failure in American agriculture because there are so many things which could go wrong and so many variable factors over which the farm operator has relatively little ultimate control.

This situation requires a much more sophisticated integration of resources and much greater technical competence. In short, we must increase our management techniques in farm operation in step with our increasing emphasis on non-land inputs.

Shrewder managers will in turn demand greater technical competence and assistance from those who provide the non-land farm inputs.

Fertilizer is probably the most critical non-land input.

As we anticipate additional farm production, we will assuredly need to make additional expenditures for plant nutrients. Today, the fertilizer industry sits in the spotlight. Fertilizer demand--and fertilizer prices--have increased substantially. Fertilizer supplies are tight, and of international concern.

I am fully aware that we are only two years removed from the time when the plant food industry was struggling with increasing surpluses, falling prices, and meager profits.

It is fully proper, therefore, to ask whether the current increase in demand and the current supply situation will continue. The fertilizer industry is concerned. Farmers are concerned. Consumers are concerned. The world is concerned.

First, looking at fertilizer demand, there is every indication that demand will continue strong.

Population will grow and purchasing power should increase. So food demand must surge upward. That fact, given our limited acreage, means that further production increases hinge upon the application of science--with heavy emphasis on fertilizer.

That is the case in this country. That is also the case worldwide. Renewed emphasis will be placed on increasing technical assistance in agricultural production in the developing countries. A growing market for plant nutrients around the world is inevitable.

Second, looking at fertilizer supply, we know that we are tapping a finite supply of some of the elements essential to crop production.

Our known reserves of high-grade phosphate ore are only sufficient for between 50 and 75 years. That is not long, and ecologists are increasingly asking questions about our phosphate reserves in this nation. We cannot idly brush such questions aside.

Potash reserves on the North American Continent are more extensive--enough for well over 1000 years. Nitrogen supplies are uncertain, chiefly because the chief source of nitrogen fertilizer supplies is anhydrous ammonia made from natural gas--and natural gas supplies are in short supply and competition on the demand side is very great.

Because fertilizer supplies are relatively short, both the Department of Agriculture and the fertilizer industry must address the efforts of our scientists into two areas of inquiry: first, how to more efficiently utilize nutrients for plant growth; and second, how to improve and make more efficient the recovery process of these nutrients in fertilizer manufacturing.

Increasing fertilizer production will be one of the greatest challenges facing America in the years ahead.

Clearly, fertilizer production must increase--and it will be up to the fertilizer manufacturers to accomplish that task. It will not come without great difficulty.

It is not easy to sit in a management meeting and commit \$50 million in plant expansion here and \$100 million in new plant development there. Yet, such decisions must be made in the months and years ahead if we are to meet the challenge of better eating for an increasing population around the world.

We must do all we can to encourage greater fertilizer production. Specifically, we must make a concerted effort to find and to secure adequate phosphate supplies. There is no imminent danger of shortage. Yet, the Department of Agriculture and the fertilizer industry must do everything we can, now, to plan for the increasing demand for phosphates in the future. The price must be high enough to encourage mining and recovery.

The more critical problem at the moment is nitrogen. It is important to farmers, to consumers, to world peace, and to humanity that we do something, now, about nitrogen supplies.

We must adopt a pricing policy to encourage the exploration and drilling of natural gas--our primary source of anhydrous ammonia which is the principal form in which nitrogen fertilizer is applied.

Price controls, in their various forms, have had disastrous consequences as far as the supply of fertilizers is concerned.

Price controls on domestic sales of fertilizers--which were finally lifted late last October--were severely damaging: They caused manufacturers to halt expansion, to scuttle plans for new plants, and to shut down marginal plants; and they encouraged the smaller quantities of fertilizers that were produced to be exported to foreign buyers in the higher-priced world fertilizer market which was not subject to price controls.

We still suffer from the repercussions of those unwise fertilizer price controls.

The most damaging and counter-productive price controls of all are the repressive Federal laws and policies which have held the price of natural gas at levels considerably below the equilibrium price in the marketplace. These controls have caused a serious shortage of natural gas--and thus a critical shortage of nitrogen fertilizers, which could result in a shortage of food.

Control of natural gas prices at the wellhead was designed to benefit consumers. The results have been quite the contrary. These price controls have encouraged consumption and discouraged the development of new supplies. The result is a natural gas shortage. It does not serve consumers' best interests to hold down consumer prices--if, as a result, the consumer cannot get the supply needed.

While controls remain on wellhead prices of natural gas, it will not be profitable for the gas companies to expand production capacity, construct new production plants, or seek new sources of supply. Thus, American agriculture--seeking a goal of expanded food production--faces bleak prospects for future nitrogen fertilizer supplies, since 95 percent of the ammonia produced in the United States comes from natural gas.

Deregulation is not a simple process. It cannot be accomplished easily. Eliminating such an artificial restraint--which has become deeply imbedded--will no doubt cause distortions.

A primary consideration must be given to fostering competition so that it can provide the effective market discipline which the industry must have.

Decontrol of natural gas prices is clearly in the interest of the nation's farmers. It is equally important to consumers who want an abundant supply of food.

American Agriculture has what it takes--if we keep farmers free to change, to adapt to market conditions, and to respond to price and profit incentives.

Farmers make the investment they do, take the risks they do, work the hours they do, and keep on top of the technology as they do for one basic reason--to make a profit so that their families can live a decent life.

Farm prices go up--and they go down. Right now farm prices are down from the highs enjoyed earlier.

Some farmers--livestock producers particularly--are suffering losses. Other farmers--looking at flooded fields which must be replanted, or which have yet to be planted--cannot believe we will have the bumper crops predicted for this year.

Farm costs have gone up dramatically--and they keep going up. Even though farm profits strengthened substantially in 1972 and 1973, it will take better profits than some farmers can now see to keep them producing.

Yet, if the profit incentive is there--if somebody does not pull the wrong control lever in Washington, if we let the market function, and if we move quickly to decontrol natural gas prices--American agriculture has what it takes to produce for growing domestic and world markets.

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STATEMENT BY SECRETARY OF AGRICULTURE

Earl L. Butz

June 20, 1974

I thought that you might like to know of some of the efforts that we are making in behalf of the livestock industry in this time of distressed livestock prices.

We are working day and night at the Department of Agriculture exploring every avenue that shows promise. As you know, we announced Tuesday that we are launching a meat purchase program of up to \$100 million to buy beef and pork for next year's school lunch program. This adds to the special purchase of beef that we announced in March.

We are taking a hard look at imports. At the present time, we are about the only country whose borders are open to meat imports. It shouldn't be that way. We are not going to stand by alone and be the dumping ground for excessive supplies of world meat exports. We have been in touch with Common Market officials regarding the restrictions that they have placed on meat imports. We are having earnest discussions with the Japanese over their import limitations.

Our top officials in the Department of Agriculture have been negotiating constantly with the Canadians regarding their import restrictions on our fed cattle. I have every reason to believe that we will have something to announce on that front very shortly.

We are carefully monitoring present meat imports and are appraising the available meat import supplies for the upcoming months from all countries. We are having concrete discussions with supplier countries. Deputy Assistant Secretary Richard E. Bell is flying to Australia, New Zealand and Japan, for personal conferences with government officials and livestock representatives there. Following Mr. Bell's findings, we will have a definite statement about the meat import situation. We expect that in a matter of days.

The margins for handling meat from the feedlot to consumers are wide. They are excessively wide. A month ago, I put out a major press announcement calling the margins to the attention of the trade. I said then: "It is high time that these lower farm prices show up more fully in lower retail store prices." Frankly, that isn't happening fast enough. I have been in touch with representatives of the meat trade and retail supermarkets. These people were also at a national White House conference on meat earlier this week. The retail trade group has responded by sending telegrams to its members to feature meat. I think the signal is getting through that they need to put out a superhuman effort to move these large meat supplies and do it economically.

By reducing meat handling margins through economies and vigorous volume pricing, savings can be passed along to consumers at the same time that producer prices are strengthened. Meantime, meat handlers will have the economic benefits that come from handling larger volume. In order to focus professional talent on the matter of wide handling margins, I have today asked the economics staff of the Department of Agriculture to establish a Task Force on Meat Margins. This Task Force, to be chaired by Dr. Paarlberg, will investigate procedures and practices in handling meat products. The Task Force will focus on the cause of wide margins and will report to me as quickly as it can complete its work.

Meantime, I have instructed our Department of Agriculture officials to use every opportunity to tell consumers that the coming days and weeks will be a good time to buy meat. We are assuring consumers that meat is plentiful and that it will continue to be plentiful. The events of the last year have been upsetting and disconcerting for consumers, as well as for livestock producers. It is time now for consumers to resume their purchases of meat as a part of the long-term upgrading of their family diets.

We will take an approving look at every sound credit proposal for livestock raisers. However, we do not wish to sink the cattle and beef producers into a morass of government credit and controls that everyone will live to regret. Cattle and hog producers have had heavy losses in recent months. The only way for livestock men to recoup those losses is through participating in future months and years in a healthy livestock industry. We will work for that kind of a healthy environment.

We are moving vigorously to resolve this difficult situation successfully so that livestock producers will have reason to make sound, long-term plans. In that way, they will have the incentive to produce plentiful meat supplies at reasonable retail prices and at reasonable returns for those in the livestock business.

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FOOD POWER--A MAJOR WEAPON

The real basis of affluence in America, and therefore the basis of the growing and widely-dispersed purchasing power to which the advertising world appeals, is the fact that we have learned how to feed ourselves with small input of resources and manpower.

In countries that have a large percentage of their people on the land, where the problem usually is getting enough food to provide subsistence, there is little need for an advertising industry. There is little need for a public relations industry. There is little need to try to influence the consumption patterns of people. Why? Because in those countries the margin for consumption beyond mere subsistence is very narrow and fragile.

America, on the other hand, is unique. This very afternoon a major item of advertising in the typical newspaper was an effort to persuade people to buy more food than they had intended to buy in the absence of that advertising. No place else in the world will you find that circumstance so true as here.

Add to that the fact that much of the remaining advertising in the newspaper was devoted to items that are either in the luxury or the quasi-luxury category--and you have the most convincing possible evidence of the affluence of the American economic system and the miraculous superiority of the American food producing machine.

Address by Secretary of Agriculture Earl L. Butz to The Advertising Council, Mayflower Hotel, Washington, D.C., June 24, 1974, 7:00 p.m., EDT.

The story of agricultural efficiency is one of the great success stories of this generation in the Western World. We have moved in just a half-century from having almost 30 percent of our people in farming to where we now have less than 5 percent in farming. We have moved in just a half-century from spending nearly one-third of our disposal income for food to where we now spend less than 16 percent.

When you consider the growth in the size of our total economy--made possible by releasing people and other resources from farming--and add to that the rising proportion of our income available for non-food items, then the real basis for the affluent life in America becomes clear.

The benefits of our agricultural productivity extend far beyond the mere freeing of our resources and manpower to produce for non-food wants.

Our agricultural productivity enables us to produce enough farm commodities to export substantial quantities into an ever-growing world market. America's agricultural exports contribute in a major way to our international balance of payments which helps strengthen the stability of the dollar and which enables us to afford the wide variety of items we have opted to purchase from abroad.

Take America's critical oil imports for example. We do not purchase foreign oil with the currencies of Libya, or Iran, or Saudi Arabia, or Venezuela. We do not print those currencies here. Rather, we pay for our oil imports with wheat, soybeans, corn, cattle hides, cotton, tobacco, rice, and citrus. In fact, our favorable agricultural trade balance in calendar 1973 was \$9.3 billion--almost exactly the same value as our total oil imports during the same period.

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There is a still more important dimension to the contribution agriculture makes to our national welfare. American food and fiber increasingly are being used as a positive factor in our diplomatic thrust. They are indeed one of the substantial planks in our platform for world peace.

We are learning in this country, perhaps belatedly, how to use food as a positive factor in world diplomacy.

It is true that the United States has had a so-called "Food for Peace" program for about 20 years. This program was first identified as such in the 1950's, and it was actively used in the 1960's.

However, the major thrust of Food for Peace in those years was largely disposal of American surplus farm commodities. The term "Food for Peace" was often used merely as a shield for our real purpose of "getting rid of the stuff" in any possible way.

The situation is now completely reversed. Today, we are giving real meaning to the old "Food for Peace" slogan.

In a world in which the stark specter of hunger walks vast areas of the land...in a world in which a bad monsoon or an insect invasion can shake governments...in a world in which foodstuffs can be used increasingly to trade for dearly-sought energy supplies--in such a world, the great influence of American agriculture moves to the front burner.

Food has become a major force for negotiations in the substantial and solid strides toward world peace which this nation has made in the 1970's. Food was a major factor in opening the door to China. Food was a major factor in achieving detente with the Soviet Union. Thus, food was indeed a major weapon in achieving an honorable peace in Vietnam.

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Most recently, food played a substantial role in each of our important steps toward achieving peace and reconciliation in the Middle East.

After 20 years of use, and often abuse, of the slogan "Food for Peace", we are now putting real flesh on those bones. We are doing so in such a way that other nations now look to the United States to be the real peace broker in the world--in such a way that the United States, under the inspired leadership of the President and Secretary of State Kissinger, has now become history's foremost peace broker.

Our leaders are able to assume this role, of course, because of the great moral leadership embodied in the United States. But let us never forget this fact: That moral leadership is, and necessarily must be, based upon a strong, progressive, highly-productive American economy.

One of the things that distinguishes the American economy in the world community of nations is the fact that we have learned how to feed ourselves with a relatively small input of resources and with but a shirttail-full of manpower.

The thing that impresses any observant traveler to remote parts of the world is the burning desire of all peoples and all governments for a more affluent level of living in a peaceful world.

In these distant lands you may not find a great deal of actual skin-and-bones starvation. There is, however, widespread hunger for better nutrition, increasing hunger for better housing, universal hunger for better health, and an exploding hunger for some of the simple comforts of living that we take for granted in the Western World. There may not be starvation of the body--but there is a starvation of comfort, a starvation of affluence, a starvation of the soul.

These human desires around the world can be satisfied only as we learn to export modern techniques of food production, processing, and distribution. As that is done, it will be possible for tens of millions of peasants to free themselves from the centuries-old bondage to the land--and permit their children and their children's children to rise above the miserable levels of subsistence and back-breaking toil with which generations of their ancestors have lived.

Agriculture is the great success story of the United States. Our magnificently productive agriculture is the fundamental basis of our affluence.

It is the real reason that half the space in tonight's newspapers, and 15 percent of the time in tonight's newscasts, will be devoted to an advertising effort to siphon away from you and me that vast amount of our income that will not be needed for bare necessities, income that will not be needed for subsistence itself. In this country--in the aggregate, and certainly for most of us--that constitutes better than half of our income. In this respect, we are truly unique among the nations of the world.

But modern agriculture is more than food and fiber. In a very real sense, those of us concerned with agriculture and rural America are also custodians of the great outdoors. We live among, work with, and care for a vast share of the natural resources that supply our timber, our recreation, our wildlife, and our water--as well as our food supply.

By way of illustration, the Forest Service of the United States Department of Agriculture is in charge of 187 million acres--that's nearly 300,000 square miles. Our Forest Service has supervision over 8.3 percent of the total surface area of the United States, including Alaska.

From these National Forests come 25 percent of the annual timber cut in the United States. Our National Forests each year have more visitor use than do our National Parks.

Our National Forests and our wilderness areas provide an opportunity for increasing numbers of people to see America as the Creator left it--before it was altered and sometimes despoiled by man. It is in these areas that millions of Americans can see first-hand the very thing that Longfellow treated casually as the forest primeval in his poetic masterpiece, Evangeline.

We are grateful to The Advertising Council for the tremendous job you have done in carrying the message of Smokey Bear to the people--urging them to join us in our campaign to preserve this great natural resource which increasingly is coming into its own as an avenue for permitting the American people to enjoy the affluent life.

We also are deeply appreciative of The Advertising Council's significant contribution in the Government-Industry Nutrition Awareness Campaign. You have been especially effective in getting across the message that "food is more than just something to eat."

In so doing, you have helped make this nation's food power a major weapon in winning the battle for health and comfort throughout this country--as it has become a major weapon for peace throughout the world.

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GOVERNMENT'S IMPACT CALLS FOR BETTER ECONOMIC UNDERSTANDING

The concepts of "extension" and "public service", in their broad aspects, mean transmitting facts and techniques from their source to people who can use them. In this sense, extension and public service are major thrusts of public education in this country.

In agriculture, the State Extension Services have played a major role--and their partners have been the Land-Grant colleges. Together, these forces have given substantive meaning to the concept of extension. They have set the standard for sound, effective public service.

The Federal Government is itself an extension agent and an educational institution of sorts. One of the primary thrusts of most government programs is communication--whether it be facts, procedures for collecting benefits, regulations, or taxation procedures.

The Department of Health, Education, and Welfare, of course, has education as one of its primary charges. Its ever-growing responsibilities related to both health and welfare require a sizeable quantity of communicative effort also.

The Department of Agriculture has its own very substantial communication and information system--and each of our agencies has a very effective information function. I am proud of our system. It is one of the best, if not the best, and most effective in government.

The other departments and agencies of government have similar systems of communication, education, and information--and they perform a vital function in a free and open democratic society.

Address by Secretary of Agriculture Earl L. Butz to the National Conference on Public Service and Extension in Institutions of Higher Education, Athens, Georgia, June 26, 1974, 9:15 A.M., EDT.

Yet, there are dangers inherent in such a system. Despite the recognized need for this form of education, the Congress tends to look askance at appropriations for information services. They have reason to, and I will concur in their skepticism.

The Congress is often suspicious that some information activities may be used to rev up public or political support for specific programs.

That danger is always present. The temptation to use government information systems for such purposes is sometimes beyond the point of human resistance.

Clearly, it is questionable practice for the administrative unit charged with carrying out the intent and direction of Federal statutes to be involved in extensive educational campaigns that might influence the very program it administers.

That fact is precisely one of the reasons why in this country we have developed extensive adult education programs--call them extension or public service as you wish--in connection with our Land-Grant colleges and State universities.

These institutions are independent and quasi-autonomous. They have the quality of objectivity--if, in fact, it is possible to achieve that quality any place. They have a substantial depth of scientific expertise on which to draw. They are isolated as much as is possible from whatever crusade may be popular at the moment. They are less likely than most other forces to espouse particular partisan points of view.

The American system of adult education is fairly unique in this regard. It is heavily financed by the Federal Government through continuing appropriations to the States, to the institutions, and through specific categorical grants.

These State and local institutions and agencies then exercise a relatively high degree of autonomy as they attempt to meet effectively the needs of their citizens.

This system must be preserved and strengthened in the days ahead--if we are to deal effectively in the private sector with the challenges we face, and if we are to have good government capable of meeting the public sector challenges we face.

Indeed, our system of Land-Grant colleges and State universities is the main hope we have for a well-informed electorate capable of addressing the vital issues of the day.

The press and broadcast media have suffered such a substantial loss of credibility in recent years that the electorate is hesitant to depend on them for reliable information and objective analysis. Industry has always been suspect. Private organizations and institutions are conceived as representing narrow special interests.

Even more than in the past, therefore, the American people must depend on the extension and public service programs of the Land-Grant colleges and State universities for adult education and information transmittal that will enable people to make sound public decisions.

This aspect of your function is accented by the increasing tendency of our people to look to the Federal Government for solutions to problems. Even though the Federal Government most certainly does have the capability of performing some functions better than any other public or private body, I fear we have already leaned too heavily in that direction.

Be that as it may, the direction we have shifted means all of us must be able to make a greater number of decisions on matters which affect an increasingly large part of a society that grows larger and more complicated by the day.

The sheer mass of the public decisions now being made adds a mountainous burden of responsibility onto your systems of public service and extension, as they seek to inform the electorate so that it will be capable of making those decisions wisely.

Nearly twenty years ago in a speech I addressed to the nation's farmer cooperative leaders, I attempted to hammer home the vital importance of how big the government's business was--and the extremely crucial place of government policy formulation in agriculture.

At that time, it took just under \$64 billion to run the Federal Government each year--and just under \$100 billion for government at all levels. I pointed out then that we had socialized approximately one-fourth of our Gross National Product--that all of our people together decided how each of us would spend one-fourth of his income.

This year, twenty years later, we are spending roughly \$275 billion on the Federal Government alone. That increase might not be too startling when population growth, inflation, and economic growth are taken into account. The startling fact, however, is that today--considering government spending on local, State, and national levels--we have now socialized approximately one-third of our Gross National Product. All of us together are now deciding how each of us will spend one-third of his income.

The Body Politic now makes more decisions for every American, and spends more of every American's money for him. Thus, it has become increasingly important for the adult education function of your institutions to be effective. This burden weighs increasingly heavily on your shoulders--and your budgets.

Each day I am in government I am more and more convinced that the most limiting factor in good government is the shockingly low level of economic literacy of the electorate.

As an economist by training, and as an educator by practice, I suppose I should feel special shame for this sad state of affairs. I clearly do. Some of you must share the blame with me. Yet, all of us face the challenge of doing something about it.

Evidence of the problem is widespread. It has become altogether too easy for the narrow-thinking leaders of special interests--glib-tongued advocates and zealots--to stampede people into accepting, and sometimes even into demanding, unsound and uneconomic panaceas or short-run counterproductive palliatives.

Last year's meat price controls are a case in point. Nearly everyone with any economic sense now proclaims that they were wrong. Consumers, grocers, the meat industry, and livestock producers have all suffered in turn. The entire meat-producing industry is now in a dangerously depressed state--beef and pork and poultry producers all.

Fertilizer price controls are a second example. Controls on domestic fertilizer prices were slapped on when fertilizer supplies were plentiful and when prices were moderate. As world conditions changed, the shackles remained. As world demand climbed, and as fertilizer manufacturers sold into the world market where prices were rising, supplies disappeared.

Yet, because domestic prices remained controlled, there was no incentive to increase fertilizer production for domestic use--in fact some plants shut down, new plant construction plans were scuttled, and expansion plans were delayed. When controls finally came off, prices skyrocketed--for sound economic reasons--and fertilizer production has still not caught up with demand.

I need not cite the numerous other examples in agriculture--or the countless additional ones in the general economy. Clearly, some of our public economic decisions have not been wise ones--and many of the most unsound ones have been made reluctantly because of political pressure or public clamor stemming from an appalling low level of public economic understanding.

This problem is heightened by the increasing tendency of the Federal Government to seek to achieve public ends by tampering with the economic system. Again, I cannot concur with what seems to be a growing mood of dependence on the Federal Government in the economic arena. Experience tells me that the market system is vastly superior to the government in its ability to perform most economic functions.

Yet, if the electorate continues to insist on more and more economic decisions in the public sector, the need for a significant improvement in our public level of economic literacy is a must.

Great responsibility for achieving that objective rests on your doorsteps. Perhaps the greatest challenge ever to face the extension and public service segment of your institutions is upgrading the economic literacy of this country. Whether you succeed or fail may determine just how long America remains a great nation.

Public constraints on the use of the tools of science--designed and adopted in recent years to enhance the quality of this country's environment--have presented our system of adult education with a new challenge: To come forth with widespread understanding and acceptance of a sound and realistic basis for weighing risks against benefits in regulating technology usage.

While agriculture is not the only sector of our economy to run head on into environmental constraints, the case of agriculture is critical and of worldwide concern in an era when we have all become painfully aware of the race between population and food.

Progress on the scientific front clearly offers the world's best hope for expanding agricultural production through increasing yields, cutting losses, and improving quality. The pendulum of environmental constraint may well have swung too far, as far as the use of science in agriculture is concerned.

Agriculture is now up against the stark reality of limited resources--limited land resources, limited fertilizer supplies, limited energy supplies, limited water supplies. From here on, from a global point of view, we must increase the yield of productive inputs, whatever they may be--whether land, or water, or chemicals, or sunshine.

We can do that only on the scientific front. We can do that only by modifying the ecology of nature. We can do that only with scientific onslaughts against natural forces in the physical world.

Environmental constraints frequently hamper our efforts. I have sometimes been critical of many of our public decisions made as if we could afford the luxury of being "absolutely safe" on the scientific front.

Admittedly, such decisions have generally been based on noble intent. Furthermore, I do not quarrel with the administrative and legislative processes which have tended strongly to take the side of conservative prudence in the name of health--because there seemed at the time to be no better basis for making a decision.

On the other hand, in light of the increasingly untenable constraints we place on the use of technology, it is incumbent upon us to come forth with a better basis for decision--a Rule of Reason if you will--which will realistically and objectively weigh risks against benefits in regulating technology use.

We will look to the entire scientific community--but especially to our great colleges and universities--to suggest bases for rational judgment with respect to the use of the tools of agricultural technology to assure adequate food, fiber, timber, and energy for man.

We will look to your laboratories and field research stations for adequate criteria on which to base a meaningful evaluation of technology in agriculture that separates objective fact from subjective conjecture. That is a vital prerequisite for reaching conclusions based on a proper assessment of the risks versus the benefits from the use of technology.

Clearly, we need a rationale for making judgments on the risk that is acceptable in return for the benefit to be obtained. Furthermore, we will need a major effort to achieve widespread and in-depth public understanding of the soundness of this rationale or Rule of Reason--and of the absolute necessity for its acceptance and use if this world is to be able to win the race between food and population.

I am confident that the scientific community can set forth such a creditable Rule of Reason--a finite numerical level which is the dividing line between acceptable and unacceptable risk. On the other hand, the extent to which the extension and public service arms of the institutions represented here gain public understanding and implementation of such a rationale will be the extent to which reason will rule in the use of technology in agriculture.

Good government is the business of all of us. The future of education, of agriculture, of business, of all facets of the economy, will continue to be closely entwined with government.

No longer can our educational institutions withdraw comfortably behind the curtain of a technological or scientific education, and ignore the impact of government.

The importance of fundamental economic education at the grass-roots of America can never be overestimated. This will influence present legislation, as well as the economic thinking of our leaders a generation hence.

Sound public policy formulation and execution thrive only in the fertile soil of rising economic literacy among all our people.





LET US REACT TO FACTS--NOT FEARS

The pessimists among us cry that the world's nutritive cup is already half empty and in imminent danger of being drained. On the other hand, the optimists among us say that the world's nutritive cup is still half full and in good prospect of being refilled.

Facts about the world food situation have supported the optimists at nearly every turn during the past two decades--and the facts should continue to do so. Meanwhile, during times of temporary, but real stress--such as the world is now overcoming--the doomsday merchants have a heyday transmitting their fears to a worried public.

Their clamor obscures the facts. The facts indicate that mankind has made substantial progress in feeding itself, that it has the capacity to make more progress in feeding itself, and that the suffering caused by famines should decrease. In the short run context--the next decade or two--we are not headed toward mass starvation or international food catastrophe.

On the other hand, however, there is no reason to be complacent over the food situation. The Department of Agriculture certainly is not. Nor indeed, is this Secretary of Agriculture.

There are real problems to be solved. But--wringing our hands over fears raised by the gloom-and-doom crowd will not help. Bringing the facts out into the open will help.

Address by Secretary of Agriculture Earl L. Butz before the Mississippi Press Association, Biloxi, Mississippi, July 26, 1974, 8:00 p.m., CDT

We have made substantial progress--rather than retrogression--
in feeding the world during the past twenty years.

That progress has come in developing as well as developed countries. In fact, since 1955, the poorer countries have boosted food output almost in step with the developed world.

Total 1973 food production in both developed and less developed countries (excluding communist Asia on which we do not have data) was more than 30 percent above levels of the early 1960's and more than 50 percent above the mid-1950's.

Progress in food production on a per capita basis has not been quite as encouraging in the developing nations--because their very rapid population growth has placed added strain on their food production capacity. Even so, per capita food production has increased almost one-half of one percent each year. In the developed nations, where population growth is much less sharp, per capita food production has increased at an average annual rate of 1.5 percent.

Food production per person is not the same thing as per capita food consumption. Food consumption data is really more meaningful--and brightens the picture considerably for the developing nations.

When imports are added to production, the statistics indicate that grain consumption per capita in the developing countries has risen on the average more than one percent per year during the past 20 years.

Clearly, people the world over have been eating better. Part of the reason is that people have been earning more money to buy food with--and not only in the richer countries.

In the 1960's the real growth in consumption expenditures per person in the developing countries averaged 2 percent per year. In other words--despite rising prices, buying power advanced. Even India showed an average annual real growth of nearly one percent.

People in the developing nations are clearly doing better. They are living better and eating better. One indication of improving nutrition is a longer life span. A child born in the developing countries back in 1950 could expect to live to age 35 or 40. That person's child born today can expect to live to age 52.

While we can deplore the fact that this youngster's lifetime will fall far short of the average for children born in rich countries, we cannot ignore the fact that in the field of nutrition (and in health care too) genuine progress has been made and is continuing to be made.

The food production deficit experienced in 1972 was indeed extraordinary--and very unlikely to be repeated.

An overriding factor that gives impetus to the current wave of food supply hysteria was a decline in 1972 world food production. World food output per capita fell nearly 4 percent--a greater decline than the four others that occurred during the past 20 years.

The 1972 decline in total food production was more unique. In only one other year since 1954 did the world food production total fail to advance.

Most important, however, the upward trend in world food production resumed in 1973--on both a per capita basis and a total basis--and this is likely to continue in 1974.

An extremely unusual set of physical, economic, and political circumstances were the cause of the 1972 food production decline.

Nearly worldwide bad weather in 1972 curtailed grain and forage production in the Soviet Union, the People's Republic of China, and other Asian countries--as well as in Africa, Australia, and parts of Latin America. The world's protein meal supply was adversely and significantly affected by a sharp drop in the Peruvian anchovy catch.

Several contributing economic and political developments occurred in 1972-73: (1) consumer buying power went up sharply as the result of economic booms experienced almost simultaneously by the prosperous countries of the world; (2) the Soviet Union decided to buy grain when its crop fell short rather than tighten its belt as it had done during previous shortages; (3) a realignment of the major currencies of the world made United States products a better buy in foreign markets; and (4) on-again, off-again price ceilings and export controls were imposed by the United States Government.

Clearly, the combination of circumstances which contributed to tight food supplies after the 1972 crop year are a rare exception--certainly not the rule. It is hard to imagine that they would soon reoccur simultaneously.

The drawdown in world grain supplies--as a result of the strong demand of 1973 meeting the short crop of 1972--only temporarily reduced the world's ability to cover potential production deficits.

Generally, 1974 crop prospects are good in the major countries. As a result, world trade in wheat, corn, and rice may slow down during Fiscal Year 1975.

The United States wheat harvest is record high--and government-assisted shipments abroad under food-aid programs may be accelerated in coming months.

We expect to see increases in our carryover of the 1974 wheat, rice, and feed grain crops. That will help provide a needed cushion for future emergencies.

The fast response of United States agriculture to world needs indicates how flexible our farmers can be. Take wheat as just one example. Harvested acreage of wheat in the United States expanded by 7 million acres in 1973--and by another 11 million acres in 1974.

Wheat production set a new record in 1973--and in 1974 wheat production is expected to be more than 200 million bushels greater. That increase represents more than one-third of the wheat we use for food in the United States in a year's time.

American agriculture has what it takes to substantially improve the world food situation.

Looking ahead to 1985, farmers in this country have the capacity to produce a 9.1 billion bushel corn crop--compared with a 5.6 billion bushel crop in 1973; a 2.3 billion bushel wheat crop--compared with a 1.7 billion bushel crop in 1973; and a 2.3 billion bushel soybean crop--compared with a 1.6 billion bushel crop in 1973. That is 63 percent more corn, 35 percent more wheat, and 44 percent more soybeans.

Most of these gains would be due to higher crop yields per acre--with very little added cropland coming into production. To demonstrate the tremendous yield possibilities, the top ten percent of our farmers in 1972 were getting per acre corn yields 48 percent greater than average United States yields, winter wheat yields 49 percent greater than the average, and soybean yields 60 percent greater than the average.

These projects of our 1985 production capacity are based mainly on the use of existing technology. Scientific breakthroughs, of course, would add even more potential. Many promising areas of research remain to be exploited.

In one area alone--reproductive performance of livestock--the possibilities are substantial. For example, the calf crop percentage in beef cow herds is about 85 percent nationwide. That means 8 million beef cows are fed and maintained each year but do not produce a calf.

The reproductive performance of beef cows would be improved if we could control the estrous cycle in cows, improve uterine environment, reduce reproductive diseases, and improve nutrition during gestation. If only half of those 8 million barren cows were restored to fertility and produced a calf, those 4 million extra calves could be fed out to produce more than one month's beef supply for the entire nation.

Additional research into the reproductive performance of swine could yield similar potential benefits. For example, if the average swine litter could be increased by one pig, the additional pigs if grown to market weight could supply nearly 2 months' pork for the entire nation.

The potential for the rest of the world to grow more food is also substantial--in both the developed and the developing nations.

The world is not yet farming even half of the cropland that could be made available. Only about 3.4 billion acres are being cultivated around the world. Yet 7.8 billion acres could be cultivated--and that includes only land getting enough rainfall so that a crop could be made and land within 50 miles of a possible means of transportation.

However, this extra land available for crop production may be largely irrelevant. The modernization of agriculture means that the sheer volume of land assumes declining importance while the use of man-made inputs becomes instrumental. In the United States, for example, production of corn and wheat doubled between the early 1930's and the early 1940's while acreage devoted to these crops declined.

The Green Revolution demonstrated that vast improvements in per acre yields are possible throughout the world.

We must not underestimate the capacity of the developing countries--or their people. In the past decade Asia and North Africa have seeded improved wheat and rice varieties over an area the equivalent of Illinois and Iowa combined--and they started almost from scratch.

Many of the developing countries have the needed resources. Investment in agriculture is growing. A trained corps of agricultural specialists is being built in the less developed countries.

Granted, much more needs to be and must be done--but the capacity is there, and progress is being made.

The unequalled record of the United States in world food aid will continue--and our efforts in developmental aid will receive renewed emphasis.

The humanitarian instincts of the American people are strong, they are intense, and they are lasting. Recent well-publicized concern about emergency food aid for people in other parts of the world is not new. Nor is it a sudden reawakening of our interests.

We have contributed food aid when we had surpluses--and when we did not. Our contributions and our aid continued unabated last year when we indeed had no surpluses.

The recent drought in the Sahel, in Ethiopia, and elsewhere in Sub-Saharan Africa are an excellent example. The consequences have not been as bad as they might have been because the United States responded quickly when appeals for food and other assistance came from African leaders.

Approximately one half of the more than 600,000 metric tons of grain which all donors provided in 1973 and the more than 500,000 tons provided in 1974 were provided by the United States.

This year, of the quarter million tons we have pledged to the Sahelian countries, 90 percent has already arrived in West African ports. We have provided substantial logistical support and assistance to the Africans in moving the grain quickly from ports through internal distribution systems. Our experience in dealing with such emergencies and the assistance we provided have made it possible for bottlenecks to be eliminated, for large quantities of food to be made available, and for mass starvation to be averted.

Since the beginning of World War II, the United States has contributed through several different programs \$40 billion in food aid around the world-- and more than \$25 million of that food aid has been under P.L. 480 administered by the Department of Agriculture.

We have also contributed billions in developmental aid in the form of dams, irrigation, roads, equipment, and technological knowhow. We have also contributed many, many man years of technical assistance.

Agricultural development, and the development of industries and an infrastructure to support agriculture, are more intensely important now than ever before.

While emergency food aid is one way to close the "food gap" in many developing countries, it is not a long term solution. Over the long term each country must find a way to close the gap. One way, of course, is to achieve enough general economic development to be able to afford to make substantial purchases of food products or feed from countries which produce more than they consume--such as the United States.

For many developing countries, however, substantial agricultural development will be a more realistic and a wiser alternative--at least to fill part of the gap. This will require research on agricultural technology adapted to conditions in the developing countries. It will require increased investment in irrigation, fertilizer, and other inputs. It will demand an improved infrastructure--such as credit facilities and transportation. It may also require changing disincentive policies in developing countries into incentives.

In any case, we must not be hysterical in our efforts to help. We do a great disservice when our aid is not consistent with the orderly development plans of recipient nations.

The capacity of some nations to absorb aid is limited. We also can do more harm than good when we give aid which will place an overemphasis on any one sector of their economy.

Development, by itself, simply will not be enough. It will also be necessary to attack the food gap from the population side as well. Nearly everyone agrees that it would be desirable to have a slower rate of population growth--and, with few exceptions, it is being gradually achieved.

The United States has done its share to be of assistance where possible with regard to population restraint, and we will continue to do so. We must not sell short this advancement as a move toward progress as far as closing the food gap in developing countries is concerned.

The greatest contribution we can make to a lasting and abundant food supply is to provide an incentive-dominated setting in which American farmers can produce.

We approach the upcoming World Food Conference and every issue which relates to world food security with a spirit of constructive helpfulness, sharing, and cooperation--but indeed not in an attitude of reckless abandon of those incentive principles which have made the United States the highly productive nation that it is. Clearly, any national or worldwide scheme which would ultimately be a disincentive for our farmers would not be in the long run interests of the world.

Much of the fuss about world food security has not been the result of any real shortage of food supplies. The real source of the fuss has been the level of food prices--and the fact that food prices went up in front of everybody's eyes.

Many people think that food prices might not have gone up as they did if we had had greater reserves. Perhaps that is true. It makes sense.

Reserves would tend to stabilize prices. But they would be stabilized at a lower level. That means less chance for a profit for farmers--and ultimately less incentive for farmers to produce. In the long run that is not in the best interests of consumers whose primary concern must be an adequate, and preferably an abundant, food supply.

Many, many people are today wringing their hands and advocating some form of government-held food reserve. While this is not the forum for debating the issue, one thing is extremely clear: The existence of a government-held reserve, by its very existence, has a dampening affect upon the one thing that is an effective means of achieving food security--and that is food production.

It should be made clear that the great record crops of the past two years, and the freeing of our once substantial set aside acreage to be brought back into production, were accomplished when we did not have government-controlled reserves hovering over the market. Instead, the market signalled that more production was needed, and it was forthcoming.

If we had had a reserve system--especially the quantity of reserves requested by some--two things would have happened.

First, we would not have had the price increases we had. The market would have taken the reserves into account, and thus prices would not have increased as much. Therefore, farmers would not have gotten the signal that a record crop was needed.

Second, the reserves would have been dumped on the market much before there was any point of serious shortage. Political pressure would have demanded it--and that would have further dampened prices and would have been a greater disincentive for production.

Clearly, a reserve is just not the fool-proof panacea it is often made out to be.

Without a government-held reserve, the carryover at the end of the year is not likely to be very great. That concerns many people--especially those who really do not understand agriculture.

You do not really get the complete food reserve picture when you look at the year-end carryout; the real reserve we have in feed stuffs is really represented on hoof, in barns and feedlots, and on the range--in our livestock industry.

If we get into a tight feed situation, we automatically make an adjustment. We feed to lighter weights, and we use our feed more efficiently.

The heavier a hog or beef animal gets, the more pounds of feed it takes to get a pound of gain. When feed supplies are short, and prices are high, that is ample incentive for livestock producers to bear down on efficient production. By varying both numbers and weights of livestock, we adjust to changes in the feed supply. This built-in adjustment mechanism is much more effective than any artificial reserve could be.

Furthermore, the existence of reserves--and their depressing effect on prices--encourages inefficient use of feed in livestock, keeps the feed-saving efficiency adjustment mechanism from working, and thus ends up using up more grain than would be used if there were no reserve.

An abundant supply of food is everybody's business. It surely concerns me. But let us not be panicked by the gloom-doom merchants into hasty ill-conceived palliatives. Instead, we must approach the common problem of an abundant supply of food with cool determination based on a factual assessment of the situation. That has been the way to genuine progress in improving the world food situation in the past, and it is our most fruitful path to proceed along now.

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WE WILL EAT MORE MEAT--NOT LESS

There is a rising crescendo of voices in the land saying that we may have to revise our dietary standards in America--to cut back on meat consumption.

Just to dramatize this cut-back crusade, a prominent United States Senator has conjectured that, if Americans would just eat one less hamburger per week, some 10 million tons of grain would be released to the world for food assistance--an amount equal to twice India's expected import requirements for the coming year.

Others have been guilty of similar short-sighted statements.

In recent months, writers and speakers in this country and abroad have climbed aboard the bandwagon of food hysteria to proclaim a coming era of hunger, of starvation, of human misery--unless this best-fed nation in the world alters its eating habits and shifts from animal protein to a more nearly vegetable diet. Editorial writers have taken the cue and have tuned up the siren song of starvation.

It is high time that we put this issue in proper perspective and assess it in the cool analysis of fact.

Is the world headed for starvation? Have we suddenly run out of our capacity to increase food production? Have trade patterns around the world been so disrupted that food cannot be moved effectively from surplus areas to deficit areas? Are we losing our capacity to attack the enemy worlds of insects and disease?

The answer to all of these questions is "no"--A GREAT BIG NO!

Address by Secretary of Agriculture Earl L. Butz before the American Society of Animal Science, College Park, Maryland, July 31, 1974, 7:30 a.m., EDT.

The world eats far better today than it did 20 years ago. This is true for both the developed nations and the developing nations. Over the past 20 years, per capita food production has increased at an average annual rate of 1.5 percent in the developed nations and about 0.5 percent in the developing nations.

In fact, the developed and the developing nations had about the same rate of increase in total production. The greater increase in population in the developing nations cut the per capita rate of production gain in the less developed world.

Food production, however, is not the same thing as food consumption. Consumption in developed countries is less than production-- because they produce more than they need. Developing nations cannot produce all that they need--so they import from the nations which have excess production.

When these imports are taken into consideration, the historical picture brightens for the developing nations. Grain consumption per capita in the developing countries has risen on the average more than one percent per year during the past 20 years.

Each developing nation has a different situation. This overall improvement, however, reflects substantial increases in domestic production in some cases, in purchasing power in others, and in food aid in a few instances.

It is true that people in many parts of the world do not eat as well as people in the United States or Western Europe or Japan. The plain truth, however, is that they eat much better than they did 20 years ago.

While levels of nutrition and available food supplies in many developing nations may be appallingly low by American standards, let us never overlook the fact that in most cases they are better today than they were 20 years ago, or 10 years ago, or even 5 years ago-- and that they continue to improve. Their diets may be substantially poorer than is desirable--BUT THEY DO EAT BETTER. We are not losing ground.

It is true that there was a slight and temporary reduction during 1972-73 in per capita food availability in some parts of the world-- due to widespread adverse weather conditions, to the worldwide shortage of proteins, and to logistical problems of transporting food into deficit areas.

It is important to note, however, that the reduction in world food production in 1972-73 was a temporary aberration in a long-time upward trend. Food supplies in 1973-74 did improve over the year before in practically all parts of the world with the exception of well-publicized drought areas in some parts of Africa and Asia. In fact, world cereal production reached record levels in 1973.

The plain truth is that per capita food supplies worldwide did improve in the current year--and they improved substantially. The prospects for the 1974 crop worldwide indicate that this upward trend will continue.

Even on our present crop acreage, and using only existing technology, United States food production can still be increased very substantially-- merely by achieving on the average farm yields that are closer to the higher per acre yields we now achieve on the top ten percent of our farms. Further scientific breakthroughs would offer even additional opportunities to increase production.

In one area alone where this profession is making substantial progress--reproductive performance of livestock--the possibilities are substantial. For example, the calf crop percentage in beef cow herds is about 85 percent nationwide. That means 8 million beef cows are fed and maintained each year but do not produce a calf.

The reproductive performance of beef cows would be greatly improved if we could make even more substantial progress to control the estrous cycle in cows, improve uterine environment, reduce reproductive diseases, and improve nutrition during gestation. If only half of those 8 million barren cows were restored to fertility and produced a calf, those 4 million extra calves could be fed out to produce more than one month's beef supply for the entire nation.

Additional research into the reproductive performance of swine could yield similar potential benefits--and I am confident it will. For example, if the average swine litter could be increased by one pig, the additional pigs if grown to market weight could supply nearly 2 months' pork for the entire nation.

Our inexorable movement toward a higher level of protein consumption both here and around the world emphasizes anew the critical role played by animal health--a positive dimension of the world food situation which should indeed command attention.

Substantial losses still occur in the country's livestock industry, even though we have an advanced animal pharmaceutical system and a good veterinary medicine delivery system. Even with that system, it is estimated that annual losses from livestock disease and parasites in this country are still in excess of \$2 billion.

Here is another place to make meaningful progress if we want the world to live better and eat better.

The potential for growing more food worldwide is also impressive. Bringing more available acres into production, applying known technology to those acres, increasing the availability of necessary production inputs, developing necessary support industries to bring in supplies and to transport harvested products, and giving the farmers of the world incentive to make these things happen--these potential developments offer a surprising production possibility worldwide.

Do we really need to cut back our livestock production, then, in order to meet world food needs? The answer, in the short run at least, clearly is "no"--another GREAT BIG NO.

Americans are not going to eat one less hamburger per week. They are going to eat one more hamburger per week. Furthermore, they need have no sense of guilt as they do so.

The most effective way to reduce the amount of grain used in meat production is not to beg consumers to reduce hamburger intake. There is a better way.

When there is economic incentive to do so, livestock producers and animal scientists will find ways to cut the amount of feed required to produce a pound of meat. The geneticists and nutritionists and other scientists who work to improve the livestock industry will labor to make possible that cost cutting.

The American pork industry is an excellent example of how an industry--with economic incentive to cut costs (feed costs in particular) has made progress in freeing grains without cutting meat production.

There is an old rule of pork production that it takes 2.25 times as much energy--which means feed--to put on a pound of fat as it does to put on a pound of lean. A recent study involving a nationwide survey of hogs slaughtered in the last twenty years indicates that farmers and animal scientists have cut the lard yield per hundred pounds of live weight almost in half--a remarkable improvement.

Clearly, pork producers are producing a meatier hog, with less waste, which can be produced with less grain. That is significant progress--the kind that can only be achieved with economic incentive by an aggressive meat animal industry and the kind that does not call for any sacrifice in the quality of the American diet.

This talk about eating one less hamburger per week is clearly nonsense--sheer demagogic nonsense. Why single out food? Why not cut gasoline use by one gallon per week to help the rest of the world? If we cut down on one suit or one dress per person, one television set per household, one car per city block, one book per person, one immunization per capita, or any number of other things--that might leave more for the rest of the world too.

But cutting down on one hamburger, or one gallon of gasoline, does not automatically mean that the rest of the world will have the benefits of that reduction any more than is the case now. The inadequate transportation systems, the archaic distribution systems, and the incentive-killing economic systems that prevail in much of the world would still prevent any substantial improvement in diet and affluence among the mass of people in developing countries.

Those who earnestly want to do something to increase available food supplies ought to consider educational and other programs to prevent food wastage around the world--which is enormous in many countries. That would be a much more realistic campaign than to ask people to cut beef from their diets.

Furthermore, any belt tightening done in this country to make available grains for people in other lands need not begin with our hamburger intake. I wonder if some of those ill-informed, fuzzy-thinking do-gooders who suggest that we eat one less hamburger per week to release more foodstuffs for the world are really serious.

Is so, they could make the first onslaught on this noble goal by reducing our dog and cat population by 50 percent, which likewise would suddenly release more grain for the world. When you stand in line at the supermarket, you can watch the cash register ring up sizeable purchase after sizeable purchase of pet foods--most of which are directly or indirectly the product of grains.

Roughly speaking, we have 32 million dogs in this nation and 22 million cats. It takes a lot of food--a lot of grain products--to keep that many animals alive, sleek, and contented in one year's time.

We could also make very substantial progress in increasing grain supplies by reducing by 50 percent our horse population--which no longer pulls the plow or the dray.

It takes a lot of oats to feed the 8 million horses, mules and asses we have in this country--even though, I must admit, our equine count is not very exact, and several of the critters counted in the latter subcategory of that broad "horses, mules, and asses" category could actually be hamburger eaters!

We should ask those who propose that we reduce our hamburger consumption by one hamburger each week just how serious they are. Are they willing to give up their pet dog or pet cat or pet horse? Next time I hear that cry to cut back on hamburgers, I am going to ask the speaker--"How many dogs are there in your block?"

Thirty-two million dogs we have in this country--and we feed some of them better than our people. The 8 million horses we feed today are very near the number we had in the 1930's. They are used almost exclusively for recreation.

Now, I am not out to limit horse numbers or to cut down on the number of pets. I do not advocate such a thing. On the other hand, if some people are really serious about proposing that we cut back on hamburgers in order to feed the world, then I want to know how they feel about the horses and the dogs and cats that they own.

It is time for everyone to be serious and realistic about meat consumption. Relatively speaking, as Americans we devote such a small share of our income to food expenditures that we will bid for increased meat supplies rather than be content with reduced meat intake.

Our real incomes are improving. Therefore, we want to live better. Part of living better is eating better--and eating better means increasing the quality of our protein intake by consuming more meat.

Moreover, in this nation and throughout the world livestock production is the vehicle by which we utilize vast resources that would otherwise be unavailable for human consumption. This is especially true of ruminant animals.

There are areas in the West where we raise cattle and sheep which could not raise grain under any imaginable circumstances. Ruminants utilize forages which would otherwise be wasted--and many animals in the Midwest, the South, and the East are produced on grass in areas not suitable for row crops. Ruminants have made these acres productive acres--and the farmers who manage them productive farmers.

Many of those who are currently out after this industry with a meat cleaver are misinformed about beef production. Some of those who want consumers to cut beef consumption cry that it takes eight pounds of grain to produce every pound of beef. That is a misrepresentation of the facts of actual beef production. Well over half of the pounds on each steer usually comes from grass and roughage--that humans cannot use directly and which would otherwise be wasted. When the steer goes into the feedlot--true, it may take six or seven or eight pounds of grain to put on a pound of meat. Overall, however, our range-feedlot system produces a pound of dressed beef for about four pounds of grain--not eight.

In the decade ahead, we must find ways to increase the ruminant population in the world in order to utilize more effectively crop production potential that otherwise would be untapped.

The drive for expansion must not be limited to ruminant animals. The chicken and the turkey have become extremely efficient at converting feedstuffs into excellent human feed. The hog is a far more efficient converter now than a couple of decades ago. The population of these species--which produce such high-quality protein food in the form of meat--will increase around the world.

This growth must be and will be a part of the growing desire for higher levels of eating and higher levels of living for hundreds of millions of the world's population.

We can meet this challenge. We have not plateaued on agricultural research. We have not plateaued on obtaining increased yields per crop acre of foodgrains and forage. We have not plateaued on our capacity to reduce insect damage. We have not plateaued on efficiency rates in livestock production. We have not plateaued on our ability to stop the ravages of disease--or on our progress in animal disease control.

Nor have we plateaued on production and progress in the developing countries.

Instead of mouthing ill-conceived and negative panaceas of eating one less hamburger per week, those concerned about the physical well-being of mankind ought to turn their attention in a positive direction.

I contend that progress being made by the dedicated members of the American Society of Animal Science does more to improve the diet of the world's people than any hamburger set-aside ever could.

The progress you make in all segments of this animal science profession--daily, weekly, yearly--will enable us to continue to answer in the negative those questions posed at the start of this address.

At the same time, we will continue to advance to a higher level of living for all of us--and that includes all those in Southeast Asia who eat rice, those in India who eat wheat, and those in America who will eat one more hamburger per week.

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Jan 23 1900



THE CHALLENGE OF CHILD NUTRITION

School lunches play an important part in the lives of most of our children. I've spent most of my life in or around schools and can remember when a school lunch was little more than an apple or pear that you sometimes traded for someone else's bread and butter sandwich.

That was a far cry from the hot, nutritious lunches served in schools today.

Everybody grouses about cafeteria food, whether they are students or grown-ups. I hear people complaining about the cafeteria food at the Department of Agriculture. Then I go to lunch and see these same people lined up waiting to eat at the cafeteria.

They do it because the food they can get there is wholesome and well-prepared. It is the best bargain their lunch money can buy. That's the way it is with school lunches too. On the average it costs schools 74 cents to prepare each meal. Even if the students had to pay the full price they'd be getting a good buy.

You are to be congratulated on the job you do, whether it's at the state administrative level or in the local kitchens. Few children around the world have the variety and quality of food available to them that our children do. The 25 million youngsters who take part in the school feeding programs are forming nutritional patterns of eating that will stay with them all their lives.

Address by Secretary of Agriculture Earl L. Butz, before the American School Food Service Association, at the Sheraton-Park Hotel, Washington, D.C., August 8, 1974.

That's important. Having enough of the right kinds of food to eat is one of the benefits of being an American. We don't have to worry about chronic food shortages or famine in this country. Eating too much, rather than too little, is the problem for many of us.

Helping those who cannot always afford the right kinds of food is also an important part of the child nutrition programs. Children whose parents have low incomes now receive more effective food aid than ever before.

A major thrust in the child nutrition programs of the past five years has been to reach more needy youngsters. The number of students receiving free and reduced price meals has more than tripled in recent years. Over 9 million young people now receive such aid.

When President Nixon made his commitment in 1969 to end poverty-related hunger in this country, he meant it. So do the rest of us in this Administration. That's why the food programs have grown from less than a billion dollars in 1968 to more than \$6 billion budgeted for fiscal 1975.

That's why federal support for needy children has increased from 37 percent of the lunch costs in 1969 to over 80 percent at present. The federal contribution to all child nutrition programs has jumped from a total \$600 million in 1969 to \$1.8 billion in the current fiscal year.

The only reason we can even attempt food aid of that magnitude is because we live in the richest food producing nation in the world. That strong agriculture makes those school lunches available at the lowest relative costs. The agricultural abundance which makes that possible is one of the greatest blessings we have going for us in this country.

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The high productivity of the American farmer gives the rest of us the luxury of having the time and energy to worry about other things. We don't have to spend our lives grubbing out a meager supply of food. We don't have to exhaust all our energies just to meet the basic necessities of life. Our highly efficient farmers have freed us from all that.

We probably don't stop to think about these blessings very often.

How often do you really consider the phenomenal agricultural productivity of our food producers? It is so commonplace that you expect it to be that way, without a care or concern -- while in many other parts of the world concern over food is a lifelong worry. Think of what it would be like if instead of thinking about sharing our food abundance with the world we had to be concerned about getting the world to share its food with us.

There are important changes going on in our agriculture. Those changes directly affect your work. They affect the sort of federal assistance being given to the child nutrition programs.

You are all aware that the federal government is switching from commodity distribution to a plan of cash assistance for food aid. This has stirred some controversy, but there are some solid reasons behind the change.

In the past, commodity distribution plans have been an offshoot of farm policies where the federal government held huge stocks of so-called surplus commodities.

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Now farm programs have changed. The government no longer holds huge stocks of surplus commodities. The current stocks are in the hands of the farmers and merchants, as they should be. The taxpayer no longer foots a big storage bill for surplus grains and other commodities. Farmers no longer chafe under irritating restrictions on their production.

It's better for the farmer, too. He can make long range plans to improve his output. If there's a profit to be made from storing his product, he's the one who receives the benefit.

As the government has extracted itself from the commodity business, it no longer has access to surplus food stocks. Today if the government wants food to distribute to the poor, it goes into the marketplace and buys it.

It makes little sense to concentrate commodity buying and distribution in the federal government under present circumstances. This should be dispersed into smaller units of government. A large, centrally controlled bureaucracy is not very efficient. It cannot compete with a smaller, well-run, local purchasing agency.

The administrative costs of a federal food buying agency are too high. To continue in that direction would be to defeat the goal of getting the most food aid for the dollars spent. The purchasing, transportation, storage and redistribution of food is physically difficult and economically costly.

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Once the commitment has been made to improve the diets of school children, it's more efficient to provide the states, counties, and local school districts with cash assistance rather than actual commodities.

This places the responsibility on state and local administrations, with prospects for doing a much better job. It returns more flexibility to decision-making.

Let's face it; in the end, the State agencies and local school districts are the ones who have to produce the results in the child nutrition programs. All the federal government can do is backstop and support you.

With cash assistance you can plan and do your own buying. The food buying power will be spread out into the country instead of centering it here in Washington. You can make savings by dealing in local markets, and just as important, federal money will be returned to local economies where it can do the most good.

This is a move back to the sort of economic freedom that helped develop this country. It is a return to the free enterprise system that has produced the abundance Americans now enjoy. Individual incentives and individual freedom have always been the backbone of this nation.

When individual management freedom was returned to American farmers, first through the Agricultural Act of 1970, and now through the Agriculture and Consumer Protection Act of 1973, productivity began to rise. It's a good thing too, in light of the world crop failures of 1972.

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We could be in real trouble in the world today if American farmers hadn't come through with record crops in 1973.

The same initiative went into planting even larger acreages of wheat, corn, soybeans and most other crops for 1974. We will have record crops again in 1974, even in the face of adverse weather conditions.

No amount of government planning or prodding could have invoked that sort of response. Farmers had to be free to adjust their own planning to the changing situations in supply and demand.

The same sort of flexibility and individual management response is what we're shooting for in the child nutrition programs. With Congressional support, we've moved away from the old system of outmoded statutory formulas for funding. Today's rate structure guarantees state assistance payments based on the actual number of lunches served.

A key component to making this sort of a system work is good financial management. A \$3 billion-a-year program such as the school lunch program requires a sophisticated system of public accounting. Such a system will enable those of you in local schools to lay the economic facts of school lunches squarely before parents and community leaders. It will enable Federal, State and local administrators to pinpoint trouble spots as they develop. USDA has developed and tested such a system to serve as a model you may use. We have the backup training manuals and consultant help you'll need. I'm sure Ed Hekman and the Food and Nutrition people will be talking more about this during your conference.

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The performance of school feeding programs has varied tremendously among states and districts. All of us need to work to find out the reasons behind this. Student participation ranges from a low of 33 percent to a high of 84 percent. Some of you are doing a whale of a job; others probably need to dig in and find some new ideas.

Production, packaging, delivering and selling the final school lunch product is in your hands. You are a key link in the food production chain that begins on the farm.

Your individual decisions and actions spell the success of the child nutrition programs. Yours is a sound food delivery system. It has gained a solid record of accomplishment over its 28 year history.

You have the commitment of this Administration and of all the American people to continue that success. I'm sure that you will.

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Advance for Release at 6:30 P.M. EDT, Thursday, Aug. 8, 1974

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CAN THE WORLD FEED ITSELF?

The World Poultry Congress is an appropriate forum to consider the ability of the world to feed itself.

The poultry industry, as much as any industry I know, has adapted and today applies scientific principles in producing and marketing meat and eggs to specification. In fact, many farms have actually been transformed into manufacturing centers, producing high quality poultry meat and eggs for better eating and happier, contented people.

This unique ability of poultrymen to adapt science for better living presents the world with a great opportunity for world-wide, geographical dissemination of science in agriculture. The technology and science in poultry production can leapfrog oceans, and mountains, and continents. It can even leapfrog generations.

This scientific know-how is easily transportable. It's one of the most efficient conversion techniques we have for changing feed stuffs into animal protein for human consumption.

The opportunity is not narrow-gauge. It can begin almost immediately to raise levels of living while the technique is being established and expanded.

It opens up new horizons of trade as the breadbasket of mid-America, the world's greatest grain producing factory, produces and exports the feedgrains and oilseeds to support new and expanding poultry operations in other countries.

From this port city of New Orleans, America's mighty Mississippi river reaches right up through the middle of this tremendously productive farmland, making U. S. corn and soybeans economically accessible to nearly all parts of the world.

The poultry industry has undergone a tremendous revolution in housing, disease control, production, and management during the past 40 years.

Egg factories are a reality. The housing space allotted for each laying hen has been greatly reduced and the feeding efficiency increased.

The body weight of laying hens has been reduced from five to three and a half pounds each--and the smaller hens are producing almost twice as many eggs, using about half as much feed. The broiler industry's efficiency in conversion of feed into meat approaches two to one and is the envy of the entire world.

Age from hatching to slaughter has been reduced from 90 days to about 50 days in the past 25 years.

New problems challenge the industry today.

Every laying hen produces a quarter of a pound of manure a day. This along with manure waste from other animal agriculture has produced about two billion tons of animal manures per year in the United States alone. Science is still working on successful and economical means of disposing of it.

Meanwhile, although the Food and Drug Administration has not yet announced a decision on the use of dehydrated poultry waste (DPW) as a feed ingredient, the State of California has announced proposed standards for use.

In the U. S. Department of Agriculture we have been studying the processing and feeding of dried layer waste. Our findings show that such a use is economically feasible for operations of 50,000 or more caged layers.

In New Jersey, a recent publication indicated that a 30,000-bird operation could pay for the drying equipment needed in two to three years, based on DPW selling at \$125 a ton for fertilizer, or worth \$85 a ton if fed to chickens.

California producers report the successful use of natural drying methods to reduce moisture below 30 percent in one to five days, making DPW an easy-to-handle fertilizer.

Pesticides and their residues constitute a continuing problem.

Earlier this year several hundred thousand pounds of vegetable and animal oils containing dieldrin got into the poultry food chain in Mississippi.

This unfortunate, unplanned, unprecedented and unrepeated contamination produced a tremendous furor among environmentalist groups and in the public press. It also resulted in the slaughter of several million chickens by Mississippi growers, and untold economic disaster for many poultrymen in the South.

The word, pesticide, stirs panic in the hearts of people who associate it only with farmers and industry. The public generally doesn't realize that the chlorine they use to assure themselves of safe drinking water is also classified as a pesticide. So are the garden sprays used to grow roses in the back yard--and the moth and roach control preparations in general household use.

Finding safe chemical agents, and developing safeguards for the use of fertilizers and pesticides, is a continuing challenge for the agricultural scientist.

But equally necessary will be the communication between the industry that applies scientific knowledge and the public that buys and uses the end product. This involves a basic educational process as well. For while there is no dearth of knowledge about the planet on which we live, and the resources it contains--there is an appalling ignorance about how to use these resources wisely. The earth must be tamed. Indeed, the heart and soul of the creation story as it appears in the Book of Genesis is the admonition of God to Adam and Eve that they should fill the earth and subdue it, and have dominion over all living things. The key word here is "subdue." And that is what our food production of the future is all about.

Man's life on earth is tied to a fragile basis. We depend on a thin layer of breathable air which surrounds the earth--about seven miles thick. That's all the air we have and we must use it, recycle it, and keep it breathable.

A surprisingly thin layer of water, floating on top of the ocean and lakes, can be penetrated by sunlight to sustain photosynthesis and thus produce plant life needed in the aquatic food chain.

And we have a very patchy layer of topsoil.

We started this decade of the 1970's with a world population of about 3.7 billion human beings. We are adding the population equivalent of another United States about every third year.

These are the basic statistics that will figure in presentations of scientists, agricultural leaders, politicians, and environmentalists when the United Nations World Food Conference meets in Rome in November to talk about world food problems.

It is my hope that we will be able to keep the discussions in perspective. There is some question that this will be possible.

Some doomsayers are pointing to the reduction in USDA forecasts for 1974 grain production due to temporary drought conditions, and to the equally temporary energy shortage and wailing as if they were permanent and insoluble.

Many, including some in my own country, believe the best way to solve the problem of feeding a hungry world is to produce the food in the highly productive American breadbasket, and in other productive nations of the world, and then to set up a food reserve and let other nations draw from it.

This would be a dreadful mistake.

The United States recognizes the need for special assistance to developing countries in implementing food reserve policies. We are prepared to work with the Food and Agriculture Organization and other international organizations to provide such assistance when required. We will continue to provide research assistance on ways to prevent loss in handling and storing farm crops under different climatic and economic conditions. And we will continue to train technicians.

In other words, the humanitarian needs of the world will receive full recognition and support of the United States in the future, as they have in the past.

The fiscal year 1975 budget contains a billion dollars to meet such food and commodity requirements. This is the nature of our people, and the expression of their will through government--to continue to come to the aid of needy people around the world.

But this is no substitute for the real program which involves exporting to nations in need the scientific knowledge, the capitalization and the management techniques that will allow them to increase their own food production, to build or rebuild stocks and carry them forward to cover world requirements in years of scarcity.

As you know, the World Food Conference was proposed by the United States. We believe that the delegates to that conference should explore, on a multi-national basis, the question of how to provide more effective technical assistance to people in the chronically food-deficit areas.

In the long run, the food discussions around the world are going to come down to the individual farm operator--and the decisions he makes. The incentive to produce in the United States is related to price and profit. In this country we have moved from rigid programs that tightly controlled production and marketing to new programs that allow farmers to make their own decisions and manage their own farming operations in the most profitable ways. We continue to give high priority to adequate credit, education, research, communication and the other essentials that contribute to high food production.

But the voice of buyers, and their willingness to bid in the marketplace for the amount and quality of food they want, will determine for the U. S. farmer whether that is his best investment of his own resources, to the end that food production may be maximized. After all, full utilization of our agricultural resources will provide the best food security for the U. S., and for the world.

We're in the farm export business for keeps. For several reasons. Exports are good for the income of American farmers. They help fight inflation because the only way to hold down consumer prices is to increase the supplies and produce more efficiently. That's what we're doing. We're also in the export business because agricultural exports contribute substantially to our balance of payments.

But perhaps the most compelling reason of all--we're in the farm export business because exports are critical to world peace.

The rising affluence around the world is creating a surging demand for more food--of a better quality than ever before.

Other nations, developing and expanding their poultry and egg, and other livestock, enterprises look to the United States as a reliable source of feed grains and soybeans. We're going to be that reliable source.

Food, itself, has become the most powerful weapon for peace in the world today. The actual and potential exports of agricultural commodities and know-how to Russia, to China, and to the Middle East are providing vastly more effective deterrents to hostility and war than all the military might we could muster.

As hostility between nations melts, so do trading barriers. We look ahead to a world where nations produce the goods and services best suited to their resources and management capabilities and, through trade, acquire for themselves the goods and services of other nations.

As I said in the beginning, the technology of poultrymen is already leading the way. It is in the forefront of scientific sharing that could lead to an era of political stability for all the world.

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THE GEOPOLITICS OF FOOD

The universal language of food is understood by all men, regardless of where they live, what color they are, how they worship, or whether they're rich or poor.

We have always known this truth about food, but too often we have not known how to apply it in terms of world aspirations and needs.

Former Secretary of Agriculture Claude Wickard understood it when he said during World War II that food would win the war and write the peace.

He was half right. Food was a major factor in the military victory of the United States and her allies. But food wrote an uneasy peace following the war--one that has tried to come apart several times.

The failure of food to write a lasting peace was not due to farmers who produce the food. Nor was it the fault of consumers who are the ultimate users of food.

The failure was political. Industrial nations were caught up in the notion that they could control production and manage chronic food surpluses by turning the agricultural spigot on and off at will.

Basic economics caught up with them in several ways.

One way was at the conference table. International forums have had to concern themselves with such questions as "How do you dispose of your surplus without injuring the markets of your neighbors?"

Address by Secretary of Agriculture Earl L. Butz at the Farm Focus USA, Poling Farms, Van Wert, Ohio, August 20, 1974, 12:30 p.m., EST.

The time and money spent on searching for answers to that question might well have been spent on the more provocative and productive question: How do the nations of the world satisfy their growing desire for better quality food, more protein, and a higher standard of living?

This is the question that U. S. farm policy and programs are asking today.

Some groups, and some of the media, are mournfully wailing their jeremiad of food shortages. Yet a look at history would have them marching to a different drum.

What they're really concerned about is not food shortages at all. What they're concerned about are food prices.

Food prices are higher than they were a year ago. They are higher because buyers have signalled in the market what they want--and when there are temporary shortages due to weather, and a drive for better living, here and abroad, buyers bid to fulfill that wish from the available supply.

This is basic economics. It's what the farm programs of the Administration are all about.

For the first time in 40 years, the market is setting the production goals for corn and soybeans and wheat and grain sorghum and cotton.

When the Administration and a bi-partisan group of Congressional leaders teamed up to write the Agricultural Act of 1970, and then followed with the Agriculture and Consumer Protection Act of 1973, the whole approach to food politics was changed.

No longer is it U. S. policy to follow an artificially cheap food policy through the subterfuge of payments to farmers.

For the first time in 40 years, agricultural production and food pricing are returned to their rightful place as functions of the marketplace.

Consumer demand, both at home and in export markets abroad, sets the goals--and prices--for agricultural production.

This policy calls for important changes. It upsets the old status quo in our own country, and it shakes up some people around the world who have come to look on the United States as an easy mark--one who will always take up the slack if someone else fails to pull his weight.

Even as we sit here and talk about temporary shortages, there are those within the European Economic Community seeking to subsidize their surplus into export, and to export their surplus problems to the United States, directly or indirectly.

As we discuss the food situation, other nations are wrestling with defense against subsidized exports.

We have moved into a situation where the whole world is coming to understand that food is a powerful weapon for peace.

Food is critical to the stability of political governments. Food is critical to the growth of national economies. Food is critical in fulfilling the aspirations of people. Food is critical to peace.

As we meet today, the world's attention is riveted on the tremendous and awesome agricultural production capability of this Nation typified by what we see here.

In the exhibits, in the demonstrations, in the technological displays on this farm, you can glimpse the advanced technology, the high output per man, and the scientific input that make American agriculture the envy of the world.

It is appropriate that this meeting in this American breadbasket shows these achievements to the world. One of the great things we have to export is our technology and its application on the land.

Farmers and agricultural leaders from other nations have been coming to the United States for a long time--seeking the key to a more prosperous agriculture in their own lands. They have taken back to their own country much of the technology, the machines, the scientific knowledge.

The ingredient many have failed to import from the United States is the managerial capacity which is firmly rooted in the philosophy of incentive through the marketplace. The nation's best farmers aren't satisfied to be average farmers. They strive for better products, and higher yields, because they can earn higher economic rewards in the marketplace.

The top 10 percent of our nation's farmers are setting performance standards that the rest of the farmers are striving to achieve. This indicates that even American farmers have room to improve in adapting available new methods and techniques. In other words, not only are we interested in exporting excellence in farming--we are also working hard to improve farm management to an even higher art.

One example comes to mind--in the area of beef production--an area of major concern to consumers and cattlemen alike. The calf crop percentage in beef cow herds is about 85 percent nationwide. This means 8 million beef cows are fed and maintained each year, but do not produce a calf.

Additional research into the reproductive performance of beef cows is needed. Once perfected, it will be applied on our nation's farms and ranges. If only half of those 8 million barren cows are restored to fertility and produce a calf, those 4 million extra calves can be fed out to produce more than one month's beef supply for the entire nation.

The potential for growing more food worldwide is impressive.

We can bring more acres into production. We can apply known and still-to-be perfected technology. We can increase the availability of production inputs. We can develop new strains and varieties that are more disease resistant, drought resistant, of higher quality, and are better yielding than those now on the market. We can improve and develop new facilities for harvesting, handling, transporting and storing farm products.

But the ultimate success of agriculture will be geared to giving the farmers of the world the incentive to make these things happen--with the prospect that they can make a profit for themselves and their families while producing at optimum levels.

This Administration is plowing historic ground in the field of international negotiations. We are making massive strides toward peace.

In the front line of our crusade for peace are many who are not generally recognized by the public nor often acclaimed by the world's political leaders. They include:

-- scientists who develop new plants and improve animal breeds, or who develop new products or methods to help reduce the tremendous wastage from rodents, insects and other pests.

-- industry that provides fuel and machinery and improved technology for tilling and harvesting the land.

-- educational leaders who train and teach new techniques and methods of production and farm management.

All these, and other farm businesses represented here today, are joined with farmers in making the world a better place for all mankind.

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Advance for Release at 6:30 A.M. EDT, Tuesday, Aug. 20, 1974

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"WHO WILL SPEAK FOR AMERICA"

Recently I picked up a book on life in rural America and was particularly impressed by a quote from a young girl addressing her graduating class in Magnolia, Mississippi. Linda Ann Williams told her fellow high school seniors that, "Our problem today isn't so much the noise of the bad. It is the silence of the good. Don't let historians write that this nation died because no one cared."

That young woman cared. She cared as much as anybody could. She was speaking out for her country.

Too often in recent times that sort of concern has been drowned by the noise of America's detractors. We have been wading in the wrong and ignoring the good.

There are signs this is changing. The fiber of this nation has shown itself to be welded around a Constitution that is rock solid and imminently right. There is a renewed openness and sense of responsibility in all of Government. The Congress and the new President are working closely together.

Three times in the last 11 years we've seen an abrupt change of leadership forced in this land, but each time the transition has been orderly. We have survived the assassination of President Kennedy, the soul-searching decision of Lyndon Johnson not to seek a second term as President, and two weeks ago the resignation of President Nixon.

Address by Secretary of Agriculture Earl L. Butz before the Polish Legion Veteran's Convention at Miami Beach, Florida, August 24, 1974.

Through all of this, the single tragic shot in Dallas has been the only one fired. The military has stayed in its barracks; the government has kept working. Our world defense posture has remained strong, no businesses have been forced to close, no markets have collapsed, no publications have been burned, and no presses have been destroyed.

Men and women have maintained their right to speak freely, to pursue liberty and happiness as they see fit.

That would not have been the case in many countries of the world.

We're all aware of that sobering fact; that's why we're Americans. All of us in this room are immigrants or from immigrant stock. Even the American Indians probably came over the Bering Strait 25 or 50,000 years ago. Our mothers, our fathers, our brothers and sisters -- we all live in America because we chose to do so. No one holds us here.

We are in this country because we believe it has something special to offer. That something special is freedom: the right of every man, woman, and child to live in peace and individual dignity, the right of every human being to pursue a livelihood and lifestyle of his or her own choice.

This is our system. It is a system that works.

Some have said that we are a violent people. But who has done more to support the cause of peace in the world during the past five years? Our President has gone to China, opening the doors of communication with 800 million people that were a mystery to most of the Western world. We are still ideologically on opposite sides of the fence with the People's Republic of China, but now we are talking and trading instead of fighting.

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We have gained a detente with the world's second most powerful nation, the Soviet Union. Again, we are talking and trading instead of threatening. That interplay has helped reduce world tensions to the point where a negotiated peace is becoming a reality in the Middle East. Instead of World War III coming from last year's Arab-Israeli conflict -- we have brought the two sides to the negotiating table. We could not have done that without some cooperation with the Soviet Union.

There are still dangerous tensions in the world, but because of America's sincere desire for peace the world is closer to global stability than it has been for many years.

Our agriculture is playing an important part in building that peace. Food is a language that leaps oceans and crosses borders; it pierces all barriers. It is the product that enables America to speak more forcefully, more powerfully, and more compassionately than any other nation in the world. I'm proud to play a small part in that agriculture.

We hear that our unemployment is rising, that people are out of work. But whoever talks about the fact that 98 percent of all married heads of households now have jobs, or that only slightly over 5 percent of all Viet Nam veterans 20 to 34 years old remain unemployed.

Think of that. Six years ago over 500,000 young American men were fighting in Southeast Asia. Today they are all home and all but a few have been reabsorbed into the work force with very little fuss or bother.

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We also tend to ignore the strain our large population growth of the last 25 years has put on the job market.

In 1950 about 58 million people out of a total work force of 62.6 million had jobs. The average wage for non-supervisory workers was around \$1.33 an hour, or about \$53 a week.

By June of 1974, the work force had swollen to over 92 million. But in spite of that growth, a full 87 million were employed. The average non-supervisory workman's pay had risen to \$4.17 an hour, or \$154 a week. Our free enterprise economic system had kept up with the large growth of laborers seeking work, a fact we often forget.

Anyone who doesn't believe that there are job opportunities for people willing to work in this country should visit a developing country. He should talk to a man whose family must be supported by the amount of money the father can earn swinging a pick or a shovel, or from a small plot of land where he can afford no fertilizer or pesticides. Then he should also remember that there are no food stamps, no unemployment insurance, nor workman's compensation for that family.

We hear that our food costs too much, that it is of poor nutritional quality. Whoever mentions that groceries take less of our paycheck today than they did twenty years ago? Last year the average per capita, after-tax income was \$4,195. Only 15.7 percent of that went for food. In 1953 the average per capita after-tax income was \$1,583 and a full 22 percent of that had to go for groceries.

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Some people mention that the poor have to spend much more than 15.7 percent of their income on food. That's true, but it was also true in 1953. The comparison between the time periods is still valid.

Today the poor have the advantage of massive food aid programs. The Food Stamp Program has grown from less than a billion dollars in 1968 to about \$4 billion budgeted for Fiscal 1975.

A total of 15 million people now take part in the family food assistance programs.

Twenty-five million youngsters now participate in the Child Nutrition Programs, receiving at least one properly balanced meal a day.

Some 9 million youngsters receive their school lunches free or at reduced costs.

So the poor are being helped in meeting their goal of improved nutrition. The rest of us are also eating pretty well. Our available supply of food energy is up to about 3300 calories per person per day. The quality of our food is also improved. Food protein available per person per day has increased nearly 8 percent since 1948 -- from 94 grams to 101 grams. We're eating more meat and less protein of lower quality.

Another charge we hear frequently is that our high-paced style of living and our use of technology and chemicals is killing us and making us prone to all sorts of horrid diseases. What spokesman points out to those who would have us return to the "good old days" that our lifespans are increasing and that most of the terrible diseases that have plagued mankind for centuries no longer threaten us?

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What about the Black Death, the Red Death, the plagues that wiped out Medieval Europe and killed hundreds of thousands? There were no antibiotics, no rules of sanitation, no vaccines -- just the "good old days" with no known preventatives or cures.

Think back to your own childhood, or the childhood of only 15 or 20 years ago. Remember whooping cough, diphtheria, the measles, the mumps? What about polio -- remember that one? Or how about the farm worker who cut himself on a threshing machine or mower and died of tetanus? How about the poor soul who contracted some sort of lingering infection that put him through months of misery before finally finishing him -- today, common antibiotics could have cleaned up that infection within a week.

In 1900 the life expectancy at birth in the country was 47.3 years. Today the life expectancy at birth is 71.0 years. If you make it to the ripe old age of 47, statistics say you can expect about another 30 years. That doesn't sound like our lifestyle is hurting us too much.

As short a time ago as 1950 the rate of mortality for infants under one year was 29.2 per thousand. Today that has dropped to 17.6 per thousand. Even more dramatic are the improvements that have been made in taking care of mothers during childbirth. Having a baby today is far safer than it was in the past. In 1950 the maternal mortality rate was 83.3 per 100,000 live births. By 1973 that same figure went all the way down to 15.0 per 100,000 live births.

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It's human tendency to delude ourselves into thinking that the days of the past were better. Our nostalgia for the good and our repression of the bad dictate that. But let us never forget to go back and check the records once in a while. The reality is that living is better now for more people than it ever has been. We're living in the lap of luxury such as the world has never seen.

Measure our wealth in material comforts if you like. Ninety-six percent of our households have TV sets; 43 percent have color sets. Eighty percent of all households own cars; 30 percent have two or more. Seventy-two percent own washing machines. Eighty-four percent own refrigerators; almost all the rest live in rental units where such amenities are provided for them.

In April of this year, 20 percent of all households expected to buy a new car within a year. Twenty-six percent expected to buy a major appliance. Ten percent expected to buy a new house within 2 years.

Look at another front. We have heard a great deal of criticism about our educational system during the last few years. Whoever talks about the continuing effort we make as a nation to assure that education is available to anyone who wants it?

Providing a broad range of educational opportunities lies at the very heart of our beliefs. It lies at the very core of our goal to assure a livelihood and human dignity for all people. Each year we spend about 8 percent of our gross national product on education. We have 400,000 youngsters in nursery school, 2 1/2 million in kindergarten, 28 million in elementary school, 14 million in high school, and 8 million in college. No other country has ever attempted quality education on that sort of a scale.

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There are special programs for the visually and aurally handicapped, the speech impaired, the emotionally and socially maladjusted, the retarded, the gifted. All together about 3 million children are enrolled in special education classes.

There are continuing education classes, job-sponsored educational programs, professional seminars, night schools, week-end schools. The choice is limitless and available to all ages in all walks of life. If you want to improve yourself, all you have to do to initiate the step is dial the phone or send a post card. For the college student, many universities are now so flexible that he can just about write his own schedule, picking and choosing as he may.

I've spent much of my life in education. I believe in it; it's better than ever and it will continue to improve. To complain about lack of meaningful educational opportunities in the United States today is sheer folly. We have opportunity for improvement and social mobility in this country such as the world has never seen.

We're not in the perfect society; there is no such Utopia. There never has been; there never will be. There are still injustices, but let's stop this business of pointing a finger at ourselves and accusing ourselves all the time. Let's look at the progress we are making.

Look at the gains in civil rights during the last decade. Our minority groups are not yet where they should be, but they are far better off in the terms of things they have, in employment opportunities and in the chance for social advancement than they were 10 years ago. We are on the move in the right direction.

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Let's not forget our relationship with the rest of the world.

Who points out that America has always been ready to help people in trouble, wherever they may live, whatever their beliefs may be?

When the flood comes, or the earthquake, or the famine; we are there to help with as much aid as we can give, as quickly as possible. During the past 20 years, the United States had contributed about \$25 billion in food aid to the rest of the world.

People say, "You did that just to get rid of your surpluses." But the real test came last year when we didn't have any surpluses. Did we continue our food aid programs? Yes, even when we had to go into the market and buy the commodities -- we contributed almost \$1 billion in food aid last year. Again this year there are no surpluses. But there is \$1 billion in our agricultural budget for food relief. The United States continues to be a nation with a heart.

We are a good nation. We are a NATION UNDER GOD. That stands forth in all our dreams and goals.

But because of the turmoil of Watergate; the injustices, the dishonesty that has taken place on both sides of the political fence, the faith of many of our people and especially our younger people has been shaken.

I think we are finally coming out of all that. People are once again realizing that the great share of the members of this Administration in Washington are dedicated, honest people serving their country and humanity. The great share of the civil servants are that. The great share of the members of Congress are that. The great shares of the state legislators, of county commissioners, of city councilmen are honest, God-fearing, capable, dedicated Americans.

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That has always been true. The basic tissue of America is strong. The fundamental precepts from which this nation grew have not been washed away. Of all the nations of the world, we are indeed a NATION UNDER GOD. We are a nation of destiny.

As we approach our Bicentennial, we hark back to the idealism and the dreams of the Founding Fathers who were willing to sacrifice everything they had to achieve their dream. They signed the Declaration of Independence, that noble document which stated, "in support of this Declaration, with a firm reliance on the protection of Divine Providence, we mutually pledge to each other our lives, our fortunes and our sacred honor."

To sign that was no idle gesture. To sign that was to put your life on the line. But those men believed in this new nation they were creating so completely that they were willing to put their lives on the line for it -- and some of them ended up giving those lives. Let's not forget that.

The vast majority of Americans still believe in that dream. They are willing to sacrifice to protect it, to strengthen it, to perpetuate it.

When President Ford took office two weeks ago he asked each and every one of us for our prayers. I hope you are giving him those prayers. We all should be. Let's all speak out for America once again. Let's not be ashamed of our dreams or our accomplishments.

We're a great nation and there is work to be done.

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David, writing in the Book of Psalms, gave us a definition of a good man: "A good man is merciful, and lendeth. He hath dispersed abroad, and given to the poor."

For generations, Americans have proven themselves to be good men and good women, by David's definition. Through our churches, civic organizations, universities, farm groups, private foundations -- our people have reached out to those who were without, or who needed help to get on their feet.

The effect of all this has been to send food, know-how, better health -- and also hope -- to many millions in far corners of the world. But this work has meant much to our people as well. Every American who participates in a program of this kind is brought a step closer to the American ideal of individual initiative, voluntary action, and personal concern for fellow human beings.

America is one of the few nations in the world with such a tradition of voluntary action. This is very much a part of the American spirit -- a neighborliness that goes beyond the family and the community to take in other communities and other peoples. Even Timbuctu -- its very name a symbol for a strange and distant place -- is this day sharing in the American neighborhood. The people there, like others in African drought areas, are avoiding mass starvation this morning because of American efforts -- governmental and nongovernmental.

Remarks by Secretary of Agriculture Earl L. Butz at the Meeting of Non-Governmental Organizations on the World Food Conference, Department of State, Washington, D.C., September 4, 1974.

The American voluntary tradition goes back a long way, predating by far the government assistance programs that came into being during and after World War II. This tradition has set the pattern for many of our Federal programs -- the Marshall Plan, Point Four, and today's Food for Peace and A.I.D. technical assistance. Certainly the voluntary agencies have had an impact on Food for Peace -- or PL 480 as we know it in the Department of Agriculture.

This is the 20th anniversary of PL 480. Looking back, we can count \$25 billion in agricultural commodities that have been provided under PL 480, through long term credit, other concessional terms, and outright donations where disaster or war has disrupted economies. Since the beginning of World War II, U.S. food aid to other countries has amounted to \$40 billion.

The PL 480 anniversary, coming at a time of increased attention and concern for world food problems, is an occasion for re-examination -- for reflection -- for new planning as we look to world needs for food assistance in the future. Within the Federal Government, we are engaged in just such a study. The World Food Conference will be a useful and proper forum for us to continue this re-examination.

In Rome, we can share our experiences, and listen to the ideas of other nations -- donors and recipients -- exporters and importers -- in discussing a better world food security system.

I understand that major attention is being focused on the National Week of Concern for World Hunger later this month -- organized and supported by many of you in this room. American farmers, and we in the Department of Agriculture, share that concern, and endorse the need for a concerted international effort to meet the world's food needs in years to come.

World food production has made enormous gains. In the 20 years since PL 480 was enacted, in July 1954, world production (excluding the People's Republic of China) has marched upward with general consistency. In 18 of those years, world food production advanced. In 15 of those years, world production per capita advanced. At the end of two decades, world production has increased by more than half, and production per capita has gone up by 22 percent.

The most serious setback in the whole 20-year period was 1972. The reasons are well known -- a combination of factors not likely to be repeated in any one year. Poor growing weather affected crops in the Soviet Union, Africa, Australia, the People's Republic of China, certain other Asian countries, and parts of Latin America. The protein supply was further affected by fishing failures off the coast of Peru.

After 1972, however, the upward trend of world food production resumed. Production in 1973 was well above 1972, and 1974 crops seem likely to hold very close to the record level of 1973, despite the concern that has accompanied the effects of drought in the United States.

U.S. crops are disappointing -- but no disaster. Drought has definitely affected the outlook for fall harvested crops in the United States in a year when we had anticipated massive increases for major crops across the board.

Even now, we will record a wheat crop that is the largest in our history -- larger by 8 percent than last year's record high. The soybean crop as estimated in our August crop report will be the second largest in history. And the corn crop will be larger than any crop prior to 1971.

It also seems likely that the U.S. crop situation is somewhat improved from what we reported in August. With rains that have occurred since August 1, the September crop report should show improved grazing conditions and perhaps some improvement in fall-harvested crops, particularly soybeans.

There is no world-wide pattern of crop failure in 1974. If you leave out the United States, the world should have a record crop of feed grains this year. If you leave out the Soviet Union, the world has a record wheat crop in 1974. World oilseed production is off only because this is one of those rare years in which the U.S. soybean crop is not setting a new record.

In actual fact, world production of oilseeds is expected to decline only slightly this year. World feed grain production is now estimated at 3 percent below last year's record, and wheat production is being reduced by an even smaller percentage. The world rice crop is harder to judge at this time because so much still hinges on the summer monsoon on the continent of Asia.

In view of the total world situation, we have lowered our estimates of exports -- our grain export estimate is about a third lower than last year's level. We see nothing in the demand situation to justify

any sort of panic with relation to U.S. supplies. We believe that food and fiber supplies should be adequate nationally and internationally. In fact, the global carryover of agricultural commodities in general will probably rise somewhat during the crop year.

There will continue to be food deficit areas. The Sahel has yet to recover from the five-year drought which has captured so much world attention. Bangladesh, recently beginning to recover from war and natural calamity, has been hit hard by floods.

Here the problem is not world supply, but local or regionalized natural conditions plus problems in transportation, storage, distribution, custom, and other matters having to do with the management of supplies.

In any famine situation, now or in the future, the United States remains committed to providing humanitarian aid -- through voluntary groups and by direct Government donations. We have contributed over a half million tons of grain to the Sahelian countries in 1973 and 1974 -- and will continue our assistance this year. We have also supplied aircraft for distribution of food into the more inaccessible regions, and agricultural teams to consult on recovery programs.

We are also working closely with the Government of Bangladesh to determine present and future requirements for U.S. assistance. The United States has, of course, been a major supplier to Bangladesh since it founding-- first through Title II donations and then through Title I as an aid to development.

There are some who suggest that what we are seeing in Bangladesh and Sahelian Africa is simply a preview of what the world will be like in the near future. At best, these theories of climatic change and inevitable drought are without scientific foundation. At worst, they are apocalyptic nonsense, brought forth by observers who become interested in agriculture only when they can view it in terms of disaster.

The long-term ability of the world to feed itself adequately is tied up in many subjects that we cannot resolve here today -- population control, changing incomes and food preferences, inflation, currency changes, and the high cost of energy. To an agriculturalist, however, the crying need is for the world to produce more.

That may sound pretty simplistic -- the way to eat better is to have more food. But it is a fact. Moreover, it is not getting sufficient attention in an international dialogue that centers too much on aid and reserve programs and not enough on opportunities to enhance production. We've had a lot of discussion in recent months about food reserves. But in the absence of increased production, the question of reserves would be academic.

Real food security lies in producing more. The world is still growing food on fewer than one-half the acres that could be used. I refer only to lands where moisture is sufficient to make a crop and where there is reasonable access to transportation. More important, however, is the fact that yields are far below what they could be.

In developing areas, the Green Revolution has faltered after several years of success. Even in highly-developed agricultures, average yields are far below potential. In the United States, for example, our highest-

producing grain and soybean farmers achieve yields far higher than the national average. U.S. average corn and winter wheat yields are only two-thirds as high as the standard set by the top 10 percent of our producers. In soybeans, there is an even greater differential between average yields and the yields of growers in the top 10 percent.

There is an old story about the agricultural extension agent who approached a farmer and offered to teach him how to farm better. The farmer's answer was: "I don't need to know how to farm better. I'm only farming half as well as I know how to now."

And that's the United States -- the most productive agriculture in the world. No long ago, I was in Thailand, a country that is increasingly important to the world's grain trade. The Thais have an old and valuable culture. They are a progressive people. They are doing much to improve their agriculture. Yet acre yields of corn in Thailand are still about 45 percent of the U.S. average yield.

In many countries, a big potential lies in expanding modern inputs, particularly fertilizer. Based on the world's present capacity to produce nitrogen, we could be faced with a serious deficit by the end of this decade. But with the additional plant capacity now being developed throughout the world, that situation should be nearly in balance in 1980. We also foresee adequate phosphate at the end of the 1970's.

Another opportunity lies in the improved handling of crops between the field and the consumer -- to reduce the enormous loss to spoilage and pests. In some countries, food grain losses between the field and the consumer are said to be 50 percent of production. In some developing countries, a recovery of that magnitude would make up the entire food deficit.

The key to greater production is the individual farm producer. The worst mistake the world could make would be to overlook the importance of the farm producer as we argue over how his production is to be divided. The reserve question is important. Aid programs are essential. But we must not let the farmer be the forgotten man. Too often we talk about food as if the world potential were an absolute quantity -- a pie of fixed unchangeable size to be divided among increasing number of the world's people.

The pie can be increased -- substantially. But if that is to happen, it is the individual farm producer who will make it happen. This means that farmers -- wherever they are in the world -- must have the tools and the incentives to expand production. They must have the incentive to purchase the inputs that are necessary, to take the necessary risks, to produce in good years, to persevere in bad years. They must have the opportunity to live decently, and to provide for their families.

What this boils down to is money and markets. The farmers of the world must receive adequate prices, and they must have confidence that markets will exist for the increased production that is expected of them.

In the United States the proven incentive for increased food production is price in the marketplace. I know of no other way in a free society to encourage and achieve expanded production. And I see no evidence that any other society has found a better answer.

Cheap food is not the answer. Too many countries for too long, and I include my own, have favored a cheap food policy. Cheap food is politically attractive, especially in countries where the electorate is primarily urban and growing more so. But a cheap food policy -- that is to say a policy

of low prices to farmers -- offers no solution to the world's food needs.

There is no solution in providing cheap food to citizens who can well afford to pay -- this is not the way to provide for the needy.

There is no solution in using cheap food as a subsidy to other consumer expenditures -- to assure every family a color television and a second automobile.

There is no solution in lowering the quality of diets or in reducing the free choice of consumers in obtaining the foods that they prefer.

There is no solution in reducing artificially the consumption of beef, especially in a time of world beef surplus and serious trade restrictions against beef and other livestock products.

Finally, there is no solution to be found in export controls on U.S. farm products -- a dangerous expedient in a world of growing interdependence.

The way to get additional resources into the production of food is to assure the opportunity for farmers to produce at full capacity and to sell what they produce. That is what we are trying to do in this country. Acreage controls on food crops have been reduced to zero. Planted acreage this year was 40 million acres larger than two years ago. There is an opportunity for further expansion next year. We are trying to keep markets open, here and abroad, so that farmers will have the incentive to fulfill that opportunity.

We should approach the World Food Conference with optimism. I am optimistic about the future ability of mankind to feed itself. I expect consumption levels and nutrition to continue improving as they have in most of the last 20 years. I have confidence in the ability of the international community to work together and to avoid catastrophe.

The World Food Conference is part of this effort. May I reaffirm the dedication of the U.S. Government to the objectives of that Conference as spelled out by the United Nations. Essentially, these are to consider programs and policies to increase food production in developing countries, improve consumption patterns in all countries, strengthen food security for the world, and improve world trade in the interest of greater world food security.

Along with the discussion of ways in which to provide incentives to farmers in developing as well as developed countries, we will also use the occasion of the World Food Conference to encourage an internationally coordinated system of food reserves. There has been much misunderstanding about what we mean when we say the U.S. Government is prepared to participate fully in an international food reserve system. Let me try to make this a bit clearer.

We have never questioned the need for food reserves. What we believe is, however, that importing countries have to take a much greater share of the responsibility for carrying their own reserves than they have in the past. Importing countries perhaps even more than exporting countries should feel the need to be protected from temporary shortages and other supply difficulties when market conditions change rapidly.

Intelligently managed reserves can be used to help stabilize market extremes and to assure consumers in importing countries a continuous supply of needed food. Too, exporting nations should also -- within their normal marketing system -- carry reserves that any prudent seller needs. Thus the seller should follow the adage: "You can't sell from an empty wagon." We think that the distribution of reserves more widely throughout the world -- among both importers and exporters -- will improve the operation of the

market considerably, without dampening the incentives farmers need to keep production going full tilt ahead.

We are prepared to discuss with other countries what an appropriate over-all reserve target level should be for the world and to suggest and consider how such targets could be achieved.

Some believe that carrying an inventory cushion is the responsibility of the seller -- but in this country the seller is not the U.S. Government. The selling function lies with the producer and with others at various levels of the market between producer and exporter or retailer.

The seller in some countries will be a government agency. In those cases the reserves held by the seller may be in government hands. We think the question of where reserves will be held is one that should be decided by internal policies of the countries involved -- but in all events should include both exporters and importers.

Secondly, with respect to food aid, the United States is prepared to make a firm commitment. Naturally, should a reserve system become operative, it should take account of the food aid commitment. But we don't intend to wait for reserves to meet food aid needs. Neither do we intend that the reserves system should become simply a food aid cushion discouraging production in developing nations.

Related to the reserve question, we anticipate that the World Food Conference will recommend an international system of production and supply information. We whole-heartedly support that idea, to make the worldwide system more efficient and give advance notice of developing emergency demands. At the present time, we have inadequate knowledge of food situations affecting half of the world's people, due either to poor data system or intentional withholding of information.

The World Food Conference will also take up the relationship between trade and food security. This is a relationship that needs serious re-examination. Most of the movement of food between countries is accomplished through trade, rather than through aid, and it is important to look at the need for trade liberalization in the world.

Trade is, of course, a direct concern of the multilateral negotiations now going on under the General Agreement on Tariffs and Trade. We believe, therefore, that trade considerations at the World Food Conference should be regarded as preliminary and advisory.

The United States has had a leading role in calling for this Conference, and we hope to play a major role in finding a successful formula for world food security. Aside from the strength of our agricultural production, the United States has much to offer in the resources of experienced agricultural producers, economists, developmental staff, and assistance leadership.

We cannot, of course, do it alone. As we are not the world's policeman, neither are we the world's father-provider. Alexander Pope wrote that "fools rush in where angels fear to tread." Although the Book of Psalms has put us

on the side of the angels, we have not feared to use our productive ability to ease the world's food problems. As a government, however, we cannot play the fool. We cannot rush in unwanted. We cannot force another country to undertake land reforms, to end age-old distribution systems which may keep the poor from getting what they need, to invest in the inputs required for increased production, or to move more aggressively on population control measures. On the other hand, we must not shirk our responsibility to press for progress on these critical fronts.

We look forward to working with other nations to achieve an improved system of world food security. The World Food Conference is a necessary step.

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Advance for Release at 6:30 A.M. EDT, Wednesday, Sept. 4, 1974

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THE UNIVERSITY OF CHICAGO

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HAVE OUR EATING HABITS GONE AMISS?

We frequently boast that we're the best fed nation on the earth. Our available supply of food energy is up to about 3300 calories per person per day. That's certainly satisfactory; if anything it's too much for many of us.

We're also eating more nutritious food. Our diets have shifted from starch to protein. Food protein available per person per day has increased nearly eight percent since 1948 -- from 94 grams to 101 grams.

It is increasingly animal protein, with more of it coming from red meat and poultry, and less from beans and cereals. In the past 25 years, we have virtually doubled our per capita consumption of beef, increased our per capita pork consumption and more than doubled per capita poultry consumption.

In all cases, the meat we eat is much leaner than ever before. We are consuming younger animals with more muscle and less fat. That's right in line with what the doctors claim is best for us, so we are all right on that count.

We're also all right in the area of our pocketbooks, even though the cost of food has gained some on wages in the last 18 months. In 1953 the average income per person after taxes was \$1,583. Twenty-two percent of that went for food. Last year the average after-tax income was \$4,195. Only 15.7 percent of that went for food.

Address by Secretary of Agriculture Earl L. Butz before the Farm Festival
Cresco, Iowa, September 7, 1974.

You can argue that the share of the disposable dollar going for food is much higher for poorer people, and that they pay a higher proportion of their income for food. That's true. But it was also true in 1953. Poor people carried a greater share of the burden then as well. The comparison of the two periods in history is still valid.

Today the poor have an advantage they did not have then. They are now beneficiaries of massive food aid programs. The federal government is providing more food assistance to the poor than at any other time in history.

*The Food Stamp Program has grown from less than one billion dollars in 1968 to about \$4 billion budgeted for Fiscal 1975.

*A total of 15 million people now take part in the family food assistance programs.

*An escalator provision in the Food Stamp Program adjusts benefits twice each year to offset the effects of inflation.

*25 million youngsters now participate in the Child Nutrition Programs, receiving at least one properly balanced meal a day.

*Some 9.1 million children receive their lunches free or at reduced prices through the School Lunch Program. This is nearly triple the number of a few years ago.

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*The number of schools participating in the Child Nutrition Programs has jumped from about 75,000 in 1969 to over 85,000 today. Some 90 percent of the 51 million American school children now have access to food at school.

So the government is making maximum efforts to see that the nutrition of the poor does not suffer because of the effects of inflation. In fact, we're spending so much money that the food aid program costs are rising at an alarming rate.

On the surface it would seem that all of us in this country are eating pretty well. Yet there are some disturbing trends in nutrition. One is the number of our youngsters who skip breakfast. Surveys in college dormitories indicate that a large percentage of students skip this important first meal of the day. Maybe this is because they get up too late. They try to sandwich in some sort of snack between combing their hair and their 8 o'clock class.

Skipping breakfast is a growing habit among the rest of us as well. We've all seen the TV advertisement where the student or the harried husband runs out of the house on the way to the day's activities. He sloshes down a cup of instant coffee as he runs. That's a sorry substitute for a properly balanced breakfast eaten in a time span that allows some sort of digestion. We gulp and run. Two minutes later we are fighting the traffic or the crowds that those of us in cities all seem forced to put up with these days.

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We are becoming a nation of gulpers and snack eaters. In doing so, we chose the highest priced, least nutritious foods of all to fill our stomachs.

The student grabs a can of soda between classes. It is too convenient for him to resist the temptation to eat from a vending machine as he runs by. Entirely too many people, from the school secretary to the foundry foreman, grab a bag of potato chips and a soft drink or a can of beer for their lunch. Some toss a candy bar on top of it -- then wonder why their stomach feels funny later in the afternoon.

This is not a very good way to obtain the best available nutrition. There are better ways to fuel the human body -- and there are certainly less expensive ways.

Take milk and dairy products as a case in point. As a nation we consumed 112 billion pounds of milk and dairy products in 1950. By 1973 we consumed only 116 billion pounds. That is an increase of 3.6 percent -- and during a time when our population exploded from 150 million people to 210 million people. Population increased almost 30 percent and milk consumption has risen less than 4 percent. That's crazy.

Total per capita consumption of milk and dairy products has come down from 732 pounds in 1950 to 551 pounds in 1973, a decline of almost 25 percent. Something is wrong with our thinking when we turn away from one of nature's most wholesome, perfect foods in this manner.

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I mentioned this to one of my suburban neighbors and he said, "That's simple. Milk costs too much."

He went on to tell me that his milk was costing him 43 cents a quart and that such a price was highway robbery.

Yet if that same man buys a can of soda from a vending machine -- and he often does -- it costs him 25 cents a can. That's about 65 cents a quart. But he pays it willingly, even though the nutritional value of soda is nil. The rest of the population seems to agree with him. Consumption of soft drinks is on the rise. In 1968 we consumed 20.7 gallons per capita. By 1973 that figure had risen to 26.9 gallons.

I thought about that for a while, then started wondering about another of my neighbor's favorite beverages.

Since 1968 the per capita consumption of beer and ale in this country has increased about 27 percent. It now stands at around 20.2 gallons per year. During the same time span, per capita milk consumption per year has slipped from 31.2 gallons to 29.9 gallons, a drop of 4.2 percent.

According to the Department of Consumer Affairs of New York City, a six pack of beer in 12 ounce cans is now selling for about \$1.56. That means an eight ounce glass of beer costs 20 cents, while an 8 ounce glass of milk costs about a dime.

So my friend's beer is 80 cents a quart, his soda is 65 cents a quart, and he complains about milk at 43 cents a quart!

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At 43 cents a quart that milk is the cheapest drink he buys -- it is the bargain of the day. It is inexpensive, wholesome, healthy, nutritious, and satisfying.

Yet our trend has been toward increased consumption of beer, increased consumption of colas, increased consumption of snacks, and decreased consumption of milk.

Have we gone amiss with our eating? It would seem so.

Are we off on a poor nutritional binge, pushed toward poorer eating habits by the flashy advertising copy coming out of Madison Avenue? Are we letting someone else tell us what's best for us instead of thinking for ourselves?

It would seem so. How else can you explain why we spend twice as much for the artificial stimulants that come in the can or the bottle? Ask you city neighbor the next time he complains about the price of milk.

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THE ROADSIGNS TO PROSPERITY

In these difficult days of double digit inflation it is not always easy to read the road signs on the way to prosperity.

That being the case, we must ever be on guard against fooling around with the signs lest we wind up with them pointing in the wrong direction.

All of us have been guilty of that in the past.

For example, the Government was wrong when it imposed export controls on soybeans and fertilizer last year. It was wrong when it imposed controls on the retail cost of food; this action compounded the problem rather than solved it.

The American Bakers Association was also on questionable ground when it tried to convince American housewives that 1974 would be the year of \$1 bread because of wheat prices. The facts didn't justify it and the economics of the matter simply didn't make sense.

The time has come for us to put aside mistakes of the past and work together, in harmony and with common sense, to heal the economic wounds of America, in the same fashion that President Ford has called on other groups to cooperate in healing the political wounds we have suffered.

It might help if each of us could display as a reminder--on our desk at the office, or in a prominent place at home, Sir Walter Scott's oft-quoted couplet:

"Oh, what a tangled web we weave

When first we practice to deceive."

Address by Secretary of Agriculture Earl L. Butz before the American Bakers Association, Annual Convention at the Statler Hilton Hotel, Washington, D.C., September 18, 1974, 12:30 p.m.

We're on a new highway now in the Nation's agricultural policies--a different road than we traveled for nearly 40 years.

We're no longer traveling the road of limited farm production and supply management.

The road we're on today leads to full agricultural production geared to market demand.

This is the right road and we must beware of those who are fearful of traveling this new road simply because they are familiar with the old one.

Farmers today are producing for markets. They have the protection of a target price system--a new provision authorized by the Congress which allows the Government to share with producers part of the risk of producing for markets, without interfering with individual farm decisions about the kind or amount of crops to grow.

This new agricultural road means producers are getting more income from the marketplace--instead of the U. S. Treasury. We have cut crop subsidy payments to farmers from over \$4 billion a year to under half a billion. We intend to keep farmers' income coming from cash sales of their commodities and not from the pocketbooks of U. S. taxpayers.

This also means that for the first time in many years the Federal Government is no longer in the surplus commodity business. Our Government grain bins are empty. The Commodity Credit Corporation wants to keep them that way. This Administration believes that inventory management is a responsibility of buyers and users as well as suppliers. It is not a government function.

In the case of wheat, and other agricultural commodities that come into the market only once a year, it is now up to every user to maintain, or make arrangements for, adequate reserves to carry him through the production and marketing cycle.

This is a new and unfamiliar road for a lot of people.

Some individuals have been messing around with the road signs trying to convince the American public that farmers and private industry can't maintain adequate reserves without Government help.

This is sheer poppycock.

We came out of the last wheat marketing year with a carryover of about 249 million bushels of old crop wheat--carried entirely by the trade.

We've added new crop wheat this year estimated at 1.9 billion bushels. Farmers and the trade are carrying these stocks, too.

We've been getting complaints from some millers that farmers are withholding their wheat supplies from the market. It is equally valid to say that millers are refraining from buying wheat. Farmers aren't selling at the prices offered, and millers aren't bidding more. But enough is coming to market to meet current needs, and taxpayers are not billed for inventory storage.

This is entirely consistent with our new philosophy and our new farm programs. Inventory management will now become a function of farmers, of traders, of millers, and of bakers. Trade will decide when the crop will move and at what price. The role of the Federal Government will be to make sure the trade road to prosperity is well marked, the right-of-way is maintained in good order, and the necessary bridges are built to help

farmers and private industry get safely across chasms too large for them to cross alone.

Users of wheat and other agricultural commodities must now perform for themselves the in-depth economic analysis and price forecasting they need for proper inventory acquisition and management.

The success of millers and bakers in applying various marketplace options--including use of the futures market, and hedging operations--will be reflected in the companies' operating statements.

This new Government policy does not limit managerial choice; it broadens it. Opportunities for profit are not diminished. Indeed, through wise and prudent exercise of the prerogatives available in a free market, the opportunities for profit are enhanced.

Likewise, this new road to prosperity leads to far greater assurance of continuously adequate supplies of raw product for users than would be possible under a system of guaranteed minimum prices obtained through production quotas, acreage allotments, and other control mechanisms.

The best food security for everybody along the food chain--from the wheat field in Kansas to the pastry shop in Philadelphia--is a system of full production, fueled by a profit incentive.

The success of a full production system is based on the market signals which buyers and users send to independent producers through competitive prices. The Government doesn't produce reserves; farmers do--they do when the signals are right.

In this new situation, management throughout the whole food complex is challenged to meet and lick new problems as they arise. The challenge is inherent in a system of risks and rewards which traditionally has been the hallmark of American free enterprise. That is the road of progress.

A society which allows no managerial risks can offer no reward beyond mediocrity. The road to mediocrity is not one that Americans want to travel. So they should recognize the misguided economic policies that would shunt them off the main road of progress onto the byroads of mediocrity, and onto the roads that lead to a dead end.

The road we are now traveling moves management in the food complex away from the bureaucratic hierarchy in Washington--to innovative and imaginative decision-making centers that range from a farmer's kitchen table when work is done at night, to the board room of the largest bakery in America.

I invite you to help smooth the roadbed on our path to prosperity and to make sure the roadsigns point in the right direction.

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USDA 2607-74

"THE AMERICAN PET IS HERE TO STAY"

In recent weeks there has been considerable speculation in this country over the affection, or lack of affection, of this Secretary of Agriculture for pets. This stems from a statement I made some time ago in which I questioned the sincerity of some people who had suggested that Americans should start eating less meat.

Those people were claiming that if Americans would simply eat one less hamburger per week, it would free up to 10 million tons of feed grain for direct human consumption, helping to alleviate world hunger. At that point I asked if those same people would be willing to reduce their pet population to achieve the same objective.

Never did I suggest that Americans should move away from their affinity for a wide variety of pets. Even if they did, it would certainly not solve the problems of overpopulation and undernourishment in other areas of the world. There are no quick and easy answers to those problems; that's the point I was trying to make.

Americans are not going to do away with their pets and they are not going to eat one less hamburger a week. If anything, they will eat one more hamburger a week. That's the way our standard of living has always improved and that's the way it will continue to improve, at least in our generation.

Address by Secretary of Agriculture Earl L. Butz before the Pet Food Institute Convention, Drake Hotel, Chicago, Illinois, September 20, 1974.

By the same token, Americans have always been pet lovers and will continue to be. Not everyone is, to be sure, but a substantial number of us genuinely enjoy the experience of caring for, loving, and being friends with a wide variety of animals -- and plants too.

This highly human characteristic of Americans will not change, nor should it. It does not need to; we are a sufficiently productive nation to take care of our animals as well as our people. The strength of our agriculture assures that.

It is true that world food problems have moved to the front burner in recent months. The dry weather throughout Mid-America, with the tentative reduction in our 1974 feedgrain crop, has induced a lot of loose and irresponsible talk about the "food crisis."

We are not in a food crisis, either in this country or in the world. There is absolutely no basis for the kind of panic that has been generated in some quarters both here and abroad.

Our people are eating better this year, as a nation, than they did 20 years ago, or 10 years ago, or 5 years ago. We can select from a wide variety of well prepared, well labeled, nutritious food for no more effort than it takes to wheel a cart down an aisle of the nearest supermarket.

People are eating better in other countries too. Over the past 20 years, per capita food production has increased at an average annual rate of 1.5 percent in the developed nations and about 0.5 percent in the developing nations.

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Take grain imports into consideration and the historical picture brightens even further for the developing nations. As their economies develop, these countries have been able to afford more imported food from abundant producers such as the United States. On the average, grain consumption per capita in the developing countries has risen more than one percent per year for the past twenty years.

It is true that people in some parts of the world don't eat as well as we do here, but the plain truth is that they do eat better than they ever have before.

There has also been a great deal of concern lately about the price of food. That also needs to be put in perspective. The cost of food has gone up recently, but the fact is that for the last 20 years the cost of food has not kept up with the rise in wages. It is unfortunate that much of the catching up is being concentrated in a short period of time. That makes it seem all the more painful to us.

Even so, Americans still spend a smaller share of their take home pay for food today than they did 20 years ago. In 1953 the average income per person after taxes was \$1,583. Twenty-two percent of that went for food. Last year the average after-tax income was \$4,195. Only 15.7 percent of that went for food.

Americans eat well and spend less of their energy and take-home pay to obtain food than ever before. There is no valid reason to conclude that this high level of eating won't continue. There is no valid reason to believe that the ability of the rest of the world to feed itself won't continue to gain strength.

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Every year farming methods improve in efficiency. We have not plateaued on our capacity to extend irrigation to arid parts of this country and the rest of the world as well. We have not plateaued on our ability to improve the infrastructure of agriculture, both here and elsewhere.

We have not recessed the incentive system that encourages farmers to innovate and expand. We have not ceased our relentless war against the ravages of insects and disease. We have not abandoned our search for synthetic supplements to food. In short, those of us who live among scientists and understand the response of free men to the incentive system are not especially impressed by the persistent cries of doom emanating from the Neo-Malthusians.

The world is not on the brink of chaos and famine, and neither are America's pets. We are certainly not to the point where we need to get rid of our household pets, or remove meat from our diets.

The economic and social amenities provided by our pets far outweigh their liabilities. Millions of youngsters these days are denied the benefit of close association with farm animals, and pets bring them an understanding of life itself. The owning and caring for a highly personal pet also goes a long way toward teaching individual responsibility.

Pets do require feed, and it is true that with a greatly reduced pet population, some basic feedstuffs would be released for other uses. This is true even though a great share of our pet foods originate from grain and animal by-products that might not otherwise be utilized as food.

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Yet there is no more reason to support a movement for reducing our pet population than for reducing the number of automobiles, which also utilize a very scarce resource: energy. Or, what about reducing the number of summer cottages? They use another scarce resource: lumber. Or why not press for a 20 percent reduction in suits of clothes, which likewise use scarce resources: cotton and wool. Or why not press for a proportionate reduction in any of the other wide variety of things that bring pleasure and comfort to the American population?

There is no need to take any of these measures. The American agricultural plant is sufficiently productive to allow us to continue to be the world's best-fed, best sheltered people. On top of this we will continue to produce a substantial quantity of food and fiber to move into export channels to serve the dual purpose of generating much needed foreign exchange and in helping the rest of the world's people eat better than they otherwise would.

At the same time our food producing establishment in America will amply feed our 72 million cats and dogs, 340 million fish, and 8 million horses.

The pet business is a large business. It's a growing business, and it's a healthy business. Other businesses also fall into this category. The florist business, for example, is a growing, vigorous and useful industry in America. Flowers and ornamental plants bring much pleasure to literally millions of people. But they too require soil areas to grow; they too require plant nutrients that might be used for increasing grain production for hungry people. They too drain off resources that some non-plant lover might say could be better used. Yet I haven't seen any international do-gooder come forward to suggest that we abandon that important sector of American life.

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So why pick on the extra hamburger per week, or the pet that junior has? Both are an important part of the American scene. Both are a part of American life. Both are a part of the growing affluence of America.

I get a kick out of those who would have us return to the "good old days." The days they probably never even saw. Usually these people sing their songs of returning to nature while standing in front of an electronic sound system worth several thousand dollars. They accompany themselves on electronic instruments worth several thousand more. Now, somewhere they're missing the point.

This nation has wealth because we've been a productive people who have cultivated and taken care of a great land.

As one who has a keen interest in continuing that care and utilization, and in seeing that America plays a vital role in alleviating hunger in the world -- I also salute you in the pet food industry for playing a vital role in bringing enjoyment and mounting appreciation of all living things. The value of compassion and kindness toward other forms of life is beyond our usual yardstick of economic measure.

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Advance for Release at 6:30 A.M. EDT, Friday, Sept. 20, 1974

LET'S MAKE THE NEW FEDERALISM WORK

These are exciting times. The challenge to farmers and ranchers was never greater. Our job is to help them keep Americans the best-fed and best-clothed people in the history of mankind.

We can do it if we work together.

President Ford has made it clear that the thrust of this Administration will be to help guide agriculture, the economy, and the nation in a new setting of self help for all segments of the economy.

Our goal in agriculture will continue to be to help farmers obtain more income from the marketplace. To accomplish this goal we must assure a political and economic climate that allows the U. S. agricultural plant to remain a reliable supplier to its customers.

Our national agricultural policy is rooted in the conviction that we must avoid returning to artificially high price supports which merely subsidize foreign competition to move in and take away U. S. export markets.

In simple terms, our goal is to keep the Government off the farm and to keep producers on the farm.

There are some problems. And finding the solution to those problems is not a matter for the U. S. Department of Agriculture alone, nor for the State Departments of Agriculture by themselves. We must all work together if we are to meet challenges like these:

-- As agriculture becomes more complex, the need for inspection and grading services becomes greater.

Address by Secretary of Agriculture Earl L. Butz before the National Association of State Departments of Agriculture, Milwaukee, Wisconsin, September 22, 1974.

-- Farmers require assurance well before planting time that adequate production inputs will be available on the farm when needed.

-- Producers need assurance that transportation will be available to carry their farm products to market, or deliver them to processors.

-- The rise of consumerism underscores the need for careful regulations involving health and sanitation, purity, safety and other protection.

-- Environmental constraints are increasing daily, putting additional pressures both on those who must comply, and those who enforce compliance.

-- The move toward more standardized containers, packaging and transportation units in processing and distribution of farm commodities could lead to additional layers of new regulations affecting farmers and agribusiness.

In all of these areas, there is opportunity for new and greater cooperation between the Federal and State Governments.

The U. S. Department of Agriculture is dedicated to increase State responsibilities in every area possible through new federalism which is a trademark of this Administration.

My concept of new federalism is simple. New Federalism simply means providing essential services in such a way that Federal funds are not wastefully diverted to create bureaucratic empires or promote interest blocs.

New Federalism calls for Federal support to meet national problems. It holds that State and local authorities are best able to make decisions on local and statewide needs in accordance with local conditions and community aspirations.

The 1975 budget proposes spending nearly twice as much money for Federal aid to individuals and States and local governments as for defense. This dramatic shift in Federal spending away from the military and toward meeting the domestic needs of the American people both reflects and supports New Federalism.

The 1975 budget contains projected Federal grants to State and local governments totaling \$51.7 billion--an increase of \$3.4 billion over 1974. In 1973, Federal aid provided more than 20 percent of the total revenues of State and local governments.

New Federalism initiatives during the past five years include General Revenue Sharing, grant simplification, and the consolidation and decentralization of Federal agencies. These reform efforts will continue as they are feasible and practical, as the focus of New Federalism initiatives.

Under General Revenue Sharing, now in its second year, State and local governments receive over \$6 billion a year for use in meeting their needs as they see them. The main features of General Revenue Sharing are minimal restrictions, uncomplicated distribution, and predictable appropriations for five years. These additional funds should be considered by State Governments as a possible source of USDA-NASDA project financing with less reliance on direct funding through the USDA budget.

This Administration also has sought to substitute broad-based formula grants for the narrow categorical grant programs under which State and local plans were generally subject to detailed Federal review and approval on a project-by-project basis.

Broad-based formula grants give State and local governments significant discretion on how funds are used.

The success of the New Federalism approach depends entirely on the desire of the people putting it into effect to make it work.

It's not easy.

We all subscribe to the rhetoric of cutting expenses and eliminating duplication. But when it moves beyond the rhetoric stage and gets down to actually changing the way we do things, or shutting down an operation, or reassigning or firing employees, the job gets tough.

Nevertheless, the time is right to begin looking for new ways to coordinate, if not to unify, our Federal-State activities in many fields.

We ought to be working toward obtaining single inspection services in States. Take meat inspection for example. It seems perfectly absurd that we should have Federal and State inspectors doing the same or overlapping work. We need to strive for one set of inspectors, in either State or Federal Service, with adequate cooperation and support on the part of the other. At the moment, efforts to achieve this are being held up by legal interpretation. However, the problem is not insoluble. We must press for a satisfactory answer.

Most farmers and farm organizations feel that Congress has spawned a monster in the Occupational Safety & Health Administration (OSHA). Manufacturers and processors feel the pinch of safety regulations even quicker and harder. But even if we admit that some of its earlier actions branded OSHA as bureaucratic power at its worst, these frustrations of regulation and compliance won't go away. They are here; they will grow; and they must be lived with. This is an area in which we've got to work together.

All services are costly. While they may have a desirable cost-benefit ratio in social terms, such benefits don't show up in black ink on the farmer's profit and loss statement. Someone has to pay for these services. And if the cost is not charged to the farmer, it has to come off the marketing margin somewhere. Consumers don't like high food prices any more than producers like low farm prices.

We need to look for ways to increase the efficiency of the service, and at the same time minimize the cost. Many services now being performed by highly trained specialists could be carried out effectively by para-professionals or lay persons. This might involve additional training and supervision not now being provided.

The Department is dedicated to as much local participation and local control as possible. In the case of inspection services, this could mean State assumption of the inspection function, paid for by State appropriation, or by user fees, or through contractual arrangements with the U. S. Department of Agriculture or industry.

States have a growing responsibility to provide the kind of local conditions that encourage agricultural production. Rail abandonment is a serious problem in some States. Yet there is no question that a strong railway system is required to move agricultural products. State leadership is needed to produce the facts for dealing with this problem.

The serious problem of real estate taxation and inheritance taxes is one that grows steadily worse in some States. Your organization needs to be heard on this subject.

It is important to keep the challenges of agriculture in perspective, so that we don't apply too much of our energies and resources in areas where the need is not so great.

For example, we don't need to preach economics to farmers. Farmers understand the pocketbook incentive of the marketplace. They're going to respond to consumer demands. U. S. farmers have demonstrated that they will produce the quantity and quality of food and fiber that consumers are willing to buy at a price that offers a chance for profit.

Our national agricultural policy will continue to assure farmers of as little Government control over production and marketing as possible. Our national policy will continue to assure competitive access to world markets for U. S. agriculture.

But public concern over health, sanitation, nutrition, labeling, the use of chemicals and pesticides, antibiotics and so on is a joint concern of the Federal and State Governments. It is going to grow, not diminish.

This is the area where we will look increasingly to the States to take the lead in developing effective programs. This is a major responsibility. It's no job for the traditional court house gang. You can't pick someone off the street; effective operation demands that rather sophisticated people run these programs. As the demand for services increases, there will be fewer trained personnel to go around. Most State Departments have substantially moved toward a highly qualified professional staff in recent years. This movement should be continued. A well qualified staff is always good politics, in either party.

I've outlined some obvious challenges that are uppermost in my mind at the moment.

I realize that you've already been thinking about these and other challenges, and discussing them among yourselves.

I'm a little like the preacher on Sunday morning talking to the congregation of the faithful--I've been preaching to the wrong crowd.

But I welcome this opportunity to publicly thank you for the great job you've been doing, and for the splendid cooperation we already enjoy. The joint USDA-NASDA Committee is perhaps the greatest possible think-tank for discussing and reviewing Cooperative Agreements between the USDA and the State Departments of Agriculture.

Our meeting last spring was most helpful to me in formulating future USDA plans. I'm looking forward to advice and suggestions from additional meetings when they can be set up. Such meetings are a vital first step toward improved Federal-State cooperation.

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Advance for Release at 6:30 P.M. EDT, Sunday, Sept. 22, 1974

USDA 2693-74

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"PRODUCTIVITY, PROSPERITY AND PROGRESS"

As Americans we often take pride in our high level of living and our wide-spread affluence. There is general agreement that as a group we live better than any other national group of people in the world.

True, there remain pockets of misery and poverty in this country. There are pockets of low opportunity and less than adequate education. But even our low income people live better than the top half of the people in most countries of the world.

Surely this is true when measured by such physical standards as percentage of homes with electricity, with central heat, running water, or private toilets. With TV's or automobiles per family. You can use any measurements of physical amenities you like and see that this is true.

The same conclusion of relative well-being can be seen by looking at such measures as percentage of our population in schools, the over-all level of literacy, or the number of high school graduates, the number of trade school graduates, or the percentage of our population with advanced degrees.

You can look at the number of books published per hundred thousand people of our population, or the general support of charities, or the amount of snack foods we consume.

Address by Secretary of Agriculture Earl L. Butz before the Personnel & Industrial Relations Association, Inc., Marriott Hotel, Los Angeles, California, October 3, 1974, 6:30 p.m.

We are an affluent nation. This doesn't mean that everyone is affluent; far from it. But as a nation, and in a comparative sense with other nations, we are affluent.

This sort of affluence was not always to be found in America. It was not the general rule even a generation ago. As recently as the turn of the last century, 3 out of 8 Americans were required to be actively engaged in agriculture in order to feed themselves and the rest of us.

At the same time we were producing virtually no automobiles, no second houses at the beach, no TV's, no radios, very few bathtubs, very few furnaces, no refrigerators or air conditioners.

So what made this mighty transformation from that low level of production to the affluent mode of living we have today?

The answer is sweat. Hard work. Innovation and manufacturing -- productivity by individual workers and institutions alike.

From her founding days, the United States has been populated with people who placed a high value in the work ethic. It has often been said that as a nation, we are puritans in this respect. I think this is true.

We do have a high level of material living in America today, but only because somebody worked; somebody produced; somebody made his labor count.

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Somebody saved his earnings in order to re-invest them in more productive machinery. Somebody had the vision and the courage to increase productivity per man, per farm, and per factory, by making the capital investments needed for future productivity. People, in turn, pitched in and learned new skills. They dedicated themselves to a pride in accomplishment. They produced.

Call this the work ethic or call it puritanism; but the fact remains that it has produced a level of affluence so widespread that even our people on welfare live better than most of mankind has ever before been able to manage.

Our work ethic has produced. It has lifted us from mere animal existence to a point where we can begin to concern ourselves with social advancement for more people, with education for everyone, with a standard of living that lets us relax occasionally and enjoy life. We don't have to spend all our waking hours just keeping the wolf away from the door.

But in recent years there has been more and more criticism of this work ethic, of the type of material productivity that has helped build this country.

Indeed, in the last few months there has been a serious erosion of the work ethic. Productivity has stopped increasing. It has begun to decline; the Gross National Product has begun to slip.

This decline has not come from a substantial increase in unemployment. In fact, about 2.5 million more people were employed this summer than at the same time last year.

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There can be only one answer to our slipping productivity. It is the new attitude of getting more for doing less. This is taking its toll in reduced output.

The new campaign seems to be, "Get mine for me -- and the rest be damned!" This is resulting in "less for thee," and the rest as well.

Last April I had the privilege of visiting several Asian nations. In Japan I saw a GNP that had tripled in the last decade. In Korea I saw a GNP that had doubled in the last decade. In Taiwan I saw a similar phenomenon. I asked myself, "How can this be happening, at a time when our own country seems to be losing steam?"

In each case the answer was obvious. In those booming Asian countries, the work ethic was alive and well. Everywhere you looked, you saw the amazing energy of those people being turned into productivity.

Increased productivity per man; increased productivity per machine and per factory. Productivity was a personal goal, a company goal and a national goal in each case. Restraints on increased production were either minimized or removed.

That is in sharp contrast to the situation in this country where those same restraints now seem to be encouraged and often even rewarded.

We must recognize as individuals, as professional groups, and as labor groups, that if we are to have more, then we must produce more. Nobody else is going to do it for us. Certainly the government can't produce it. Looking to Uncle Sam for bigger pieces of pie obscures the simple fact that what we need is a bigger pie. Uncle Sam can't bake a bigger pie. Only individual productivity can do that.

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One of America's best illustrations of increased productivity is the American farmer. Output per man hour on farms is 3.4 times higher than it was 20 years ago. Output per man hour in manufacturing is only 1.8 times higher than it was 20 years ago.

In 1953 one farm worker supplied 16 people with food. Now, he produces enough for 55 people. If you take the same type of statistics from our top commercial farms, they would be even better.

American agriculture has not resisted mechanization; it has not resisted more efficient utilization of labor. It has not resisted the more efficient utilization of machines, or the application of scientific and technological developments.

As a consequence each and every person in this nation enjoys food at lower costs than would otherwise be possible.

This is the meaning of productivity. It means a better living for everyone.

The American farmer and his family, employing their capital and seeking to maximize their own rewards through increased productivity -- instead of through reliance on work stoppages and strikes -- have managed to feed us all better than we have ever been fed before.

American farmers have not learned to punch the clock at 40 hours. They have not learned to go to the cow barn and say, "Look, Bossie, I'm going to be gone over the weekend; let's shut it off for three days."

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They have not learned to put two drivers in a tractor cab -- as is true of some of those locomotives that come through this town.

Since farmers show no inclination to do those things, their productivity will continue to increase. Their profit possibilities will continue to grow, and they will always be the world's best source for the goods and services they produce.

It's time that the rest of America came to her senses with respect to productivity. We are an affluent, viable nation only because we have always been a productive nation.

Our incentive system is right. Our profit system works. The idea of a day's work for a day's pay is still valid.

The basic ingredient of prosperity is simple. Call it the work ethic, call it the puritan ethic, call it a recommitment to productivity. Call it anything you want, but without a fair day's work for a fair day's pay, the American dream will always fall short of full attainment.

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Advance for Release at 6:30 P.M. EDT, Thursday, Oct. 3, 1974

USDA 2823-74





"INCENTIVES -- OUR REAL FOOD RESERVE"

Most of us lucky enough to live in this land of plenty forget that the task of finding enough food to make it through the day is still a major preoccupation of most of the world's people. But the pressures are building that will soon draw our attention increasingly to this basic tenet of life. In some cases those pressures may be painful. They will affect our pocketbooks and our level of living.

The human race stands at a unique juncture. We are experiencing the fastest population growth rate in human history, and equally significant, this rate is building from the largest population base ever recorded. Since Adam and Eve the world's human population has doubled itself only 31 times. Now the doubling rate is down to about once every 33 years.

The world currently adds a net of nearly 80 million people per year to its roles. That's as many people as the combined populations of California, New York, Ohio, Illinois, Texas, Florida and Alabama.

Over the millennia, human population has probably never increased at a rate of more than about 0.1 percent per year. Now it grows at a rate of about 2 percent a year.

That may not sound like much of an increase, but remember the magnitude of the numbers we're talking about.

Address by Secretary of Agriculture Earl L. Butz at Expo '74 in Spokane, Washington, October 5, 1974.

In short, the food-deficit countries never had to worry about lining up supplies much ahead of the time of actual usage. Grain was always waiting for them in elevators and fields of the major producing areas such as the United States. There was little incentive for the grain importing countries to build their own storage. Plenty of food was available elsewhere, either at bargain basement prices or through concessional programs such as those carried out by the United States.

Suddenly things have changed; it's a new ball game. The government-held reserves in this country, which only three years ago were referred to as burdensome surpluses, are now gone.

We still have plenty of grain in this country, but now it is in the hands of individual farmers, processors and distributors. Control of supplies no longer rests with a centralized control point within the government. The United States Government is out of the grain business and we hope to stay that way.

That's all to the good; taxpayers no longer perform the inventory function for purchasers abroad or for the grain users here at home. The individual companies and the foreign buyers who rely on American grain can no longer turn to the government-held grain bins whenever they need some inexpensive inputs. Now they have to bid for their grain on the free market and also help pay some of the storage bill.

If an individual farmer wants to take the risk of storing his grain, hoping to make a profit through storage and market fluctuations, he can attempt to. If he makes money, that's his decision. If he loses money, that's also his choice.

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But with the shift away from large stores of U.S. government-held grain, and with the tight supplies of grain in the world during 1972-73, the international food situation has moved to the front burner. The first World Food Conference will convene in Rome next month with nations scheduled to sit down for two weeks to discuss world food plans.

Most of what will be said at the conference will surely be fact. Some will surely be fancy. Emotions run high on this subject. Diplomatic negotiations sometimes hinge on food availability. Governments become shakey when the rains don't come. The whole world watches when dry weather or an early frost hits the American grain belt.

Food aid to developing nations will be one of the topics discussed. The United States' viewpoint will be carefully scrutinized. This is natural; we've been the major provider of food aid for a long time.

The facts on food needs and food supplies are diverse and difficult to gather. Some have said that the world has only a 28 day food reserve on hand. Equally competent authorities have determined it to be nearer 428 days. I side with the latter estimate.

But these are only numbers, figures that people play with when they are trying to project the future -- something mankind has never been able to do with any degree of accuracy.

One of the obvious facts is that, on the average, the people all over the world eat better and live better now than they did 20 years ago, 10 years ago, or even 5 years ago. Enormous gains in nutrition have been made in recent years.

Excluding the People's Republic of China (for which we have no figures) world food production has advanced in 18 of the last 20 years.

In 15 of those years, world food production per capita has also advanced or kept abreast with the growing populations.

All told, food production has increased by about 70 percent during the last two decades. Even when figured on a per capita basis -- taking population growth into consideration -- food production has advanced 22 percent.

The most serious setback of the entire 20 year period came in 1972. That particular drop below the trend line triggered most of today's concern about food supplies. Yet in 1973, world food production not only recovered, but actually set records, gaining about 7 percent over the previous year.

Overall, the trend line for food production has been very good despite the variations from year to year. In the developed nations, per capita food production has increased about 1.5 percent per year, and in the developing nations it has increased about 0.5 percent per year.

Taking imports into consideration, the historical picture for the developing nations brightens even further. As their economies have developed they have been able to afford more imported food from abundant producers such as the United States. On the average, grain consumption in the developing countries has risen more than one percent per year for the past two decades.

For 1974, world food supplies look fair. Crops will not reach the record levels of 1973, but neither will they dip to the lows of 1972.

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U.S. wheat production will exceed last year's record crop by about 5 percent. Australia and Argentina report good crop prospects, offsetting to a large extent the expected drop in Canadian production.

World rice totals will be down slightly, but in the U.S., our rice crop will exceed last year's crop by about 20 percent.

According to the September 1 crop report, which was issued before the early frost, this country's soybean crop will be the second largest in history, and our corn crop will be the fourth largest in history, in spite of the dry weather in the Midwest. Cotton prospects indicate a 2 percent larger production than last year.

The Soviet Union reports that overall grain crops there are turning out fairly well, in spite of a reduction in wheat yields from last year's record.

If all this is true, why the fuss about a food crisis?

It stems partly from the rising expectations of people in the developing nations. They all want to eat better, and it is right that they should! But the desire for better eating should not panic us into a fear that the world faces an immediate food crisis.

There are some troubled areas of crop production, to be sure; and some shortfalls in some local food supplies. India and Bangladesh are two cases that come quickly to mind. They are facing real problems. In other scattered areas in many countries there are also many millions of people who could be better fed.

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The United States has always lent food aid to people in need. We will continue to do so. It's part of the responsibility of all developed countries to help those less fortunate and suffering an emergency.

This country has a history of humanitarianism unmatched by any other nation. The record of food aid assistance from developed countries to the developing world in the years 1965 to 1972 shows that the United States provided 84 percent of all food aid.

We will continue to support such efforts, and we will continue to encourage an internationally coordinated system of food reserves.

We have never questioned the need for food reserves. BUT, we feel it's the responsibility of the importing countries to take a much greater share of the responsibility in carrying such reserves.

Exporting countries other than ourselves should also carry -- within their normal marketing systems -- the reserves they feel they need. Such a system of widely held reserves throughout the world would work to the benefit of all nations.

It should not be the task of any one nation to carry the emergency reserves for the world, and it certainly should not be the single-handed burden of the United States government.

We have spent entirely too much time, here and abroad, talking and worrying about methods of distribution and storage; about who will be responsible for what kind of reserves.

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All the distribution and storage in the world will do no good if there is no grain to distribute. Let us now begin to direct more attention to the real problem area: PRODUCTION.

The real challenge in feeding the world is to increase output. It is beyond the capacity of American agriculture to produce at a level that will satisfy the appetite of a world with continually increasing numbers of people having continually rising expectations.

Let's examine where we are in world food production, what the limits are, and what's been happening.

In the 1950's and 60's the developing countries increased their grain growing area by 35 percent. That means they now have more land in grain production than do the developed countries.

But they still produce only about as much grain as the developed nations did in 1948-52.

Why?

The answer is yield per acre. The developed world's grain yields shot up 63 percent in the 1950's and 60's -- while the developing countries' yields rose only 32 percent.

Clearly the answer to increasing the world's total output of food lies in increasing grain yields in the developing countries. This is particularly true now that most of the world's best crop lands are already in production.

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It's not that the farmers in developing countries aren't willing to change. In India's Punjab region in the mid-1960's, Indian farmers adapted high-yielding varieties of wheat more rapidly than Iowa farmers adapted hybrid corn in the 1930's and 40's.

The answer lies in the ratio of incentives and risks. A farmer in a developing country may not know how to read or write, but he knows how to figure. Show him that new practices and new seeds will return him a clear-cut profit and he'll adopt them in a hurry.

In too many countries it has long been a political illusion that the population is best served by a cheap food policy. This is erroneous. If the experiences of recent years have taught any lesson at all, it is that farmers the world around respond to a profit incentive -- either in cash or however you want to measure it.

Look what's happened in this country. In the last 2 years American farmers have turned on the production spigot with full force. Drive down through these Palouse Hills south of here, or head west out toward the Columbia Basin and you'll find grain-drill tracks right up onto the blacktop. Those farmers out there are producing on every inch of ground available! They are doing the same thing throughout this nation of ours. That's why we had a record wheat crop and why we'll still have a corn crop approaching 5 billion bushels this year, in spite of late planting and dry weather, and early frost.

The force behind this tremendous increase in farm productivity has been a market-directed signal. There's a cash incentive to produce. Producers in this country and in every other country understand that sort of language.

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Every nation of the world must work to create an environment conducive to the expanded production of food and fiber. The potentials for increases in food production are now greatest of all in the developing countries.

Our country has already taken the shackles off production; other countries must follow suit. They must stamp out the disincentives to agricultural production wherever they find them.

It is the job of the developed world, including the United States, to assist with agricultural development in the less productive areas of the world. We must help with the research and the know-how, and help channel capital into efficient agricultural production and trade.

But these things will do little good unless the indigenous governments of the world adopt internal price and distribution systems that will send a market signal to individual farmers, assuring them that somebody needs their production; that someone wants them to assume the additional risks of striving for higher production. They must know that somebody is willing to help them with the credit they need, and that the productive inputs they need will be available. Most of all, they need to know that someone is willing to make it profitable for them to do a better job of farming.

The only real food reserve in this world lies squarely where it always has: with the productivity of the individual farmer. This is true whether he farms with a dibble stick or a \$40,000 crawler tractor.

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Governments do not produce food -- only farmers do. World Food Conferences do not produce food -- only farmers do. Secretaries of Agriculture do not produce food -- only farmers do.

The only lasting way to increase productivity is with economic incentive to those farmers -- however you may measure it. Individual incentive is the invisible cement that holds together the packages of science and technology that make up modern agriculture.

That is true wherever you go. It works in our country and it will work in any other country in the world, at any level, at any time.

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Advance for Release at 6:30 A.M. EDT, Saturday, Oct. 5, 1974

USDA 2827-74



"THE AMENITIES OF RURAL LIVING"

Many of us who have a rural background often talk about the "good old days." In our discussions we engage in pleasant nostalgia about the days of our youth, the experiences we had, the community activities we enjoyed, and the great family life we had.

However, the next time one of your friends remarks, "I'd like to go back to the "good old days," ask specifically what part of it he misses.

Would he like to go back to the back-breaking drudgery of farming before the days of mechanical power?

Before the days of central heating in the home?

Before the days of electricity?

Before the days of plumbing in the house?

Before the days of public disease control and sanitation?

The plain truth is he doesn't want to go back to a very large portion of the "good old days."

You might even ask him if he wants to go back to the days when the only kind of communication with the outside world was to wait for the mailman who finally showed up bringing yesterday's newspaper.

Address by Secretary of Agriculture Earl L. Butz before the U.S. Independent Telephone Association Annual Meeting, Convention Center, San Francisco, California, October 7, 1974 at 10:00 a.m.

Or don't even go back that far. Just go back to the "good old days" of the party-line. That was quite an innovation in communications when it first appeared on the scene in the early 1920's.

It had a few drawbacks though. Primary installation was different than it is today. First, the neighbors had to all pitch in to string the line from pole to tree. Once that was done and the system was operational, service was anything but satisfactory.

After an ice storm hit, the phone line would be repaired whenever those same neighbors could find time to get around to fixing things.

It is true, however, that the now lost art of "rubbering" provided a good deal of lucid entertainment on those long winter evenings when there was neither radio nor TV to pass the evening. But the party-line also meant that when you wanted to use the line, you sometimes had difficulty dislodging Aunt Polly half a mile down the road. She just didn't always understand the urgency of your need.

Once you did dislodge her, you discovered that the kids in your family had listened to so many of the neighbors' conversations that the batteries were weak and you could scarcely get your voice to central in a nearby village.

But even so, the party-line was a great institution. It was the first step in revolutionizing personal and business communications. It was the forerunner of the excellent communication system we enjoy today.

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USDA 2821-74

To have developed such a network so quickly is a tribute to the groups represented by you people. It's also an excellent reflection on the support and leadership of the Rural Electrification Administration.

Stop for a minute and consider what a great achievement it is to sit in your own living room or at your business desk and with 11 flicks of your finger reach any person in the United States in a matter of a few seconds. We are so used to that marvel that we don't even think about it.

And when that person answers and hears your voice his first comment is often, "I didn't know you were in town."

When you reply that you're not, that you are still in your home hundreds of miles away, the natural comment is, "You sound like you're just next door."

I have no idea of how many micro-wave switches or whatever my voice goes through to get those results and I'm sure that if I did, I would be even more in awe of the complexity of our modern system of voice communication.

It may be that your voice will be transmitted across the ocean to a son or daughter stationed in some distant country. Your words may be transmitted by direct radio, or may be bounced off a satellite hundreds of miles above the earth -- a satellite put into orbit by another fantastically intricate set of technological know-how.

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Our communications system is just one of the amenities of modern living that makes everyone of us reluctant to be serious about going back to the "good old days." None of us would really want to do so on a permanent basis. It may be fun to go camping for a weekend, or to stay a week in a mountain cottage with real honest-to-goodness outdoor plumbing, but longer than that, "No thank you."

The telephone system, undergirded by strong independent and cooperative associations like those represented here today, is one of the marvels of modern living. But because it is so dependable and appears to work so automatically, we take it for granted. We forget that such a system has required continual updating and development; that it has required and will continue to require, large amounts of capital input in research and technology just to keep up with the growing load being placed on it.

Over the years, REA's telephone borrowers have been pretty good customers. As of July 1, 1974, they had already paid the Federal Government over \$699 million on their loans. This includes about \$377 million repaid as principal due, about \$21 million of principal paid ahead of schedule, and over \$300 million in interest. The need for funds by rural systems, however, has been steadily outpacing the supply.

Establishment of REA's Rural Telephone Bank has been one effort in providing those additional funds. Since it was set up in May of 1971 it has provided about \$400 million in financing to improve rural telephone service. We are proud of this record of accomplishment in the relatively few years the program has been in existence.

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But the job isn't done -- nor will it ever be. The cost of maintaining viable telephone service is going up -- particularly in the rural areas where there are fewer customers per mile to help pay for the cost. Inflation takes its toll in telephone service just like everywhere else.

This of course affects the funding loads carried by REA. We recognize that most rural telephone systems, by virtue of the REA mortgages already held, don't have the capability to go to private financing institutions for money.

That means new methods of financing are needed to serve the borrowers now providing rural America with telephone service. Again, the Telephone Bank has been set up to help serve that need.

Another aid is the new guarantee authority which REA was given last year. It opens up yet another avenue for financing rural telephone systems. Under its provisions, repayment of loans made by the Federal Financing Bank or other lenders will be guaranteed by REA, with interest rates based on the cost of money to the lender.

I'm happy to announce the first three guaranteed loans proposed by REA under this new program are to: The Doniphan Telephone Company of Doniphan, Missouri for \$4,370,000; St. Joseph Telephone and Telegraph Company, Port St. Joe, Florida for \$5,096,000; and the West Virginia Telephone Company, Merrifield, Virginia, for \$5,250,000.

This type of loan service is the sort of blending of government and business interests that makes rural development work. It blends the financial power of the public sector with the business savvy of the private sector.

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When REA was first started there was a good deal of subsidy to the program. But this has been reduced in recent years. This is as it should be.

It's a proper function of government to assist in the inauguration of new programs such as have been carried out by REA. It's also right for government to assist in the initial capitalization of those projects.

But as any program grows and reaches maturity, it is also proper that it should move toward self-sufficiency and decreased dependence on government. You have done just that in your own organizations. Your loan repayment schedule demonstrates as much.

We are making real progress in rural development of America. You have played a vital part in that progress. You will continue to play an equally important role in the years to come.

So the next time one of your friends looks backward and longs for the "good old days," don't look with him. Instead, look ahead and say, "Not me, I'm looking for the 'good new days.'"

The type of progress we've been making in communications is simply one concrete example of America on the move. It is one of the living and vital parts of rural development that is making the country an ever better place to live and work and raise our families.

The best days of all will be, not the "good old days," but the "good new days."

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THE FARMER--ORIGINAL ENVIRONMENTALIST

The history of the progress of man has been the history of man adapting his environment to his needs.

Actually, it is a two-way process. Man himself is the most adaptable species of the entire animal kingdom. He has had to accommodate himself to his environment so that they both serve each other.

This two-way modification process has made it possible for man to live in great extremes of altitude and climate. He lives in the high Alps of Switzerland and on the desert floor of Death Valley in California. Man lives and works above the Arctic Circle and on the Equator. He lives in the arid dryness of the Arizona desert, and in the water drenched jungles of the Amazon.

Some areas of the world are more attractive than others for man. The United States is one of the more attractive. Not all of the attraction is the native and pristine beauty of our land, although the basic natural resources certainly were part of the original attraction.

Man's ability to fashion his environment to suit his needs and desires has given us the nation we have today--the government and society we enjoy.

At 8:00 o'clock this morning, Eastern Daylight Time, the population of the United States was calculated to be 212,773,643 people. I don't have a comparison figure for 200 years ago, because the first official census was not taken until 1790, but 3,929,214 people were counted in the United States that year.

Address by Secretary of Agriculture Earl L. Butz before the Western Agricultural Chemicals Association Annual Meeting, Boise, Idaho, October 8, 1974, 9:50 a.m.

An earlier estimate, made in 1770, reckoned the total white, black and Indian population at 2,148,076.

In just over a year from now we will be celebrating the bi-centennial anniversary of the United States as a Nation. We will properly point with pride to changes made during the past 200 years, and contrast economic, political and social growth with the previous stabilized population and environmental conditions which had existed in America for hundreds of years before that time.

The changes of the past 200 years occurred because man picked his goals, set his priorities, and changed his environment to suit his needs. Man is the only animal that has the capacity to be the architect of his environment instead of its victim.

The United Nations' Food and Agriculture Organization tells us that practically all the best lands are already farmed. Future agricultural developments are more likely to result from intensification of management rather than from expansion into marginal lands. In fact, the FAO report shows that expansion into new lands has already come to an end in most developed countries, and will soon be completed in the rest of the world--perhaps before the end of the century.

To feed the world's population prime agricultural land will have to be cultivated more intensively.

Earlier this year, the Western Governors held an agricultural conference in Salt Lake City. A chief topic of concern of the delegates to that 16-State conference was how to establish and maintain the proper balance between farming and environmental quality.

Farmers have already intensified production by using larger amounts of fertilizer, pesticides, water, and farm machinery per acre of cropland. To a large extent, fossil fuels have replaced farm labor. Just 20 years ago one U. S. farm worker supplied 16 people with food. Now he produces enough for 55 people, or more than three times as many as two decades ago. This record is unmatched anywhere else in the world, or ever before in history.

On-farm energy consumption of fuel, fertilizer and electricity accounts for about three percent of total U. S. energy usage. This has been calculated as about six or seven calories of nonsolar fuel energy per food calorie consumed.

This adds up to a relatively small proportion of total U. S. energy consumption. The problem is there isn't enough energy to go around. All users have had to cut back, and agriculture has suffered along with other industries.

Fertilizer production provides a graphic example. In 1972 about a fourth of the total natural gas consumed by California agriculture was used in fertilizer production, mainly nitrogen. Farmers in other western States also used large amounts of nitrogen fertilizer. During 1973, and continuing into 1974, fertilizer plants received less natural gas than they asked for. Farmers got less nitrogen--and paid more for it.

Increasing future crop yields will require adequate supplies of fertilizers, if western agriculture is to become more intensive.

Western States are a significant part of the nation's farm factory. In 1973 they contributed \$24 billion of the nation's \$88.6 billion in cash receipts from agriculture. About \$13 billion was from livestock; \$11 billion came from crops.

Farming and ranching in the 16 western States provide jobs for nearly a million farmers and farm workers, representing about 20 percent of the total U. S. farm labor force.

The 16-State region devotes about 500 million acres to farming and ranching. The region has 26 million acres in irrigated land--two-thirds of the total U. S. irrigated land.

The region produces more than half the national crop of sugarbeets, barley, fruits and nuts, and sheep and fed cattle. Western agriculture also produces about half the nation's wheat and vegetables.

This production record has not been achieved without some despoilation of nature. When man seeks to grow food, or to mine resources from the bowels of the earth, or to build and operate manufacturing plants, environmental changes are going to happen, and some pollution is going to result.

Yet of all workers in America, farmers remain the closest to nature. They have a better appreciation of the value of clear air and clean water and productive soil than almost any other segment of our society.

Farmers and ranchers, above all others, know that sustained yields of wholesome agricultural products depend upon a healthy environment.

They know full well that modern agriculture cannot continue to provide sufficient quantities of high quality food and fiber to meet the nation's needs without the use of agricultural chemicals and drugs.

Any undue curtailment of the safe and appropriate usage of these products will result in lower quality food and fiber at high cost to consumers.

The deep and abiding concern of farmers for the environment stems both from philosophical beliefs and from practical self-interests. The safety and health of farm workers and families is as important to agricultural producers as are their production schedules.

The challenge to agriculture is to find the right application of science and technology so we can modify the environment in a way that is beneficial to both man and nature.

Scientific man is always in a battle with Mother Nature. She yields her secrets very grudgingly. But each time we turn a new leaf in the book of nature, our scientists discover facts we didn't have before. The result in agriculture has been yield increases, lower costs, higher feeding ratios, improved living standards, and a cheaper real cost to consumers for food.

But make no mistake about it. Every time we discover a new secret in the book of nature we usually make further modifications of our environment. This is true no matter what the discovery--whether it be a new method of disease control, a new insecticide or herbicide, a new growth stimulant, or a new plant food.

Sometimes new chemicals or new processes have potentially harmful side effects.

Where either human or animal health is clearly in danger, the uses of such chemicals or processes should be carefully regulated and, in some cases, prohibited.

On the other hand, where there is little or no threat to human and animal health, and where the economic advantages of a new product or practice are overwhelming, the products should be fully and promptly exploited and put to use.

Farmers, contract applicators, licensing and supervising personnel, and regulatory agencies, share a responsibility to make sure that agricultural chemicals of all kinds should, insofar as humanly possible, stay where they are applied.

But the rule of reason must apply in the basic determination of whether or not to use chemicals at all.

In the summer of 1973, we saw 865,000 acres of standing Douglas Fir destroyed by the tussock moth because we couldn't agree on a plan for using DDT.

This is not a plea for unregulated use of DDT, or any other chemical. It is a plea to apply the rule of reason. The best interests of America and the world demand that we weigh carefully the incidental environmental damage that might occur from the use of chemicals against the loss of existing resources if no action is taken.

As we meet here today, we're looking down the road toward another 80 million people being added to our U. S. population in the next quarter-century. In that same period the world will add about 3 billion people to its population.

This means we must learn in the next generation how to feed nearly as many more people as we have learned to feed since the dawn of history.

We must do this at a time when there is no new Western Hemisphere to discover--when there is no more prairie sod to plow--when there are no more virgin forests to cut.

Indeed, we must do it when we are losing literally millions of acres to urban sprawl, highway construction, park sites and recreational areas.

We must do it when the public is clamoring for more land to use for fishing and hunting and horseback riding and picnic sites.

The only ingredients we have to put into the equation for increased production in this next quarter-century are research, brain power, imagination, innovation, discovery.

Each new discovery of this character will result in some further modification of the ecology. It will mean another victory for man in adjusting his surroundings to improve his level of living at the same time he is increasing the population density.

The American farmer will be in the middle of this struggle. It's not too much to say he will become the focus. On him will fall the responsibility for more food and more fiber from fewer acres.

As he faces this enormous challenge, we must be careful not to tie the farmer's hands with excessive artificial restraints. We must give him the tools of production. We must help him find safe ways to use them. We must expedite discovery and testing of new and ever-safer agents of production. We must shorten the time span from discovery to practical application.

Society must determine if it always wants to pay the full price for absolute safety. In some cases, I'm sure we will want to take a little risk. Absolute safety frequently comes at a higher price than we want to pay, or can afford to pay.

If we approach the whole question of food production in the quarter-century ahead from this point of view, our farmers will be able to meet the challenge. And they will continue to lead the way in protecting our resources.

All of us have a great love of America. All of us want to protect and keep our environment clean and healthy.

We're going to have food and fiber. Farmers are going to produce it for us.

We're also going to support some changes in our environment in order to get the food and fiber we must have.

The questions now are: Which changes will we support at this time, and how far will we support them? On the answer to those questions hinges the future progress of our society--and all mankind.

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USDA 2822-74

Advance for Release at 6:30 A.M. EDT, Tuesday, Oct. 8, 1974



MEETING THE DEMAND FOR BETTER BEEF

Everything's up to date in Kansas City. That line from the famous Broadway musical says it all.

From her earliest days as a trading post on the banks of the Big Muddy river to her present position as a major center serving farmers, commercial traders and industry, Kansas City has seen a lot of changes--but she's always been up to date.

This metropolis of Greater Kansas City which straddles the mighty Missouri to encompass parts of two States is a unique blend of Eastern culture and the raw West.

It is the home of the American Royal. The American Royal typifies Kansas City--some might even say the American Royal is Kansas City. For this prestigious show is a major connecting link between the city's trade and transportation facilities and the agricultural empire that surrounds them.

Kansas City was an outpost of civilization for pioneers moving westward over the Santa Fe and Oregon Trails. They came with their families, looking for free land on which to build homes and make their dreams come true. Kansas City became fixed in their minds and hearts and imaginations as a symbol of the social graces they had left behind. Kansas City also became the doorway to opportunity, beckoning to wheat farmers and cattlemen with ready cash, both in payment for their production and to finance growth and expansion.

Address by Secretary of Agriculture Earl L. Butz before the American Royal Livestock and Horse Show, Kansas City, Missouri, October 18, 1974

The livestock concept dates back to post-Civil War days when Texans, returning home from the war, found their herds had multiplied unchecked. On rounding up the cattle and driving them to Southern markets, they also found market prices disappointing. Things haven't changed much in a hundred years have they! However, newspapers of that era report animals sold, in some instances, for less than half of what a good steak will cost you today in a Kansas City restaurant.

Texans headed north to railheads extending out from St. Louis and Chicago. The railroads, in turn, extended their lines to Kansas City--then on to St. Joseph, Topeka, Abilene, Dodge City and Wichita. But Kansas City became a focal point for consignment of cattle. Packers constructed facilities to accommodate shipments. Cattlemen started displaying stock near the stock-yards, particularly those promoting certain breeds. Out of this beginning has grown the American Royal we celebrate here today.

The American Royal is one of the places where we compete for breed excellence and for improvement in the breeds. It is a place for introduction of new methods of breeding and management.

We are a nation of meat eaters, and beef is the favorite meat of all.

The American appetite for red meat continues to grow. Only the ever-increasing efficiency of the livestock industry makes it possible for American consumers to continue to upgrade their diets and to rely on meat as their chief source of protein.

The nation's beef cow herd has grown 20 percent in the past five years, from 35.5 million head in 1969 to 42.0 million by January of this year.

Commercial beef production in January-September 1974 was almost 17 billion pounds--up 9 percent from last year, and 2 percent above the previous record in 1972. Most of the increase came during the summer months.

It is true that our beef industry is in distress now because of relatively low prices and very high feed costs and very high production costs.

However, this is a temporary situation, brought on partly as the result of the very unfavorable growing season this year. We fervently hope this is a one-time phenomenon never to be repeated.

We are shooting for all-out crop production in 1975. Given average weather, there is every assurance that ample feed supplies will be available at prices which offer livestock producers a chance for profit.

Retail beef prices have dropped from the record levels experienced in February this year, following a general decline in live and wholesale markets.

Although retail prices this fall are expected to dip slightly below the \$1.43 per pound level of mid-September, in response to lower live and wholesale prices and seasonally larger pork production, prices should go up again in the first half of 1975.

This increase next year will be due to the seasonal decline in beef supplies and will be helped by an expected drop in production of both pork and broilers.

Price spreads for beef and pork have widened substantially in the past 10 years. This is a matter of grave concern to livestock producers, and to the Department of Agriculture.

Increased marketing margins for meat are the result of strong inflationary pressures in the American economy. They include such charges as transportation, labor, slaughter, processing, packaging and retailing.

Adding greatly to the inflationary problem was the counterproductive action we took in March last year of putting price ceilings on meat. This action disrupted the normal flow of livestock to market. Live animal prices increased during the summer of 1973 when retail meat prices were frozen.

When ceilings were removed in late summer of 1973, pent-up cost increases passed through the system to consumers.

Hopefully, this kind of action will not be repeated. Consumers are back in the market again. Per capita beef consumption this year is expected to reach a new record of more than 116 pounds per person--up six pounds from last year. Further increases are forecast for 1975.

I met last night with the USDA's Cattle Industry Advisory Committee and reminded them that consumer demand for steaks and chops and roasts is growing, not declining.

We'll always be a nation of meat eaters, and prospects for the livestock industry are bright as we look at the future.

Our capability to grow feed grains and forage is tremendous, despite the disappointing crop this year. The U. S. capability is going to increase as the entire livestock industry, including institutions like the American Royal and breed associations, continues to lead out in scientific and technical breakthroughs which improve and enhance meat producing animals.

Veterinary science and research will help us improve the reproductive performance of beef cows. For example, the calf crop percentage in beef cow herds is about 85 percent nationwide. That means farmers annually feed and maintain 8 million barren beef cows.

If only half of the 8 million were restored to fertility and produced a calf, those 4 million extra calves could be fed out to produce more than a month's beef supply for the entire nation, at lower cost.

The same kind of opportunity exists for the pork industry. By increasing the average swine litter by one pig, the additional pigs, if grown to market weight, could supply pork for the entire nation for about two months, at lower cost.

As science enlarges the horizon of opportunity for the livestock breeder and the commercial producer, the capability to improve our feed grain production will keep pace.

The United States now has the capacity to produce by 1985 a 9.1 billion bushel corn crop, compared to nearly 5.7 last year and 4.7 this year.

The U. S. also has the capacity to simultaneously produce a 2.3 billion bushel crop of soybeans compared to 1.5 billion last year and 1.2 billion this year.

These new opportunities are forward looking--just like Kansas City and the American Royal. The new times will bring with them additional opportunities, and changes in our methods. When those days and those changes arrive, the Royal will be here to welcome them.

That's why it is such an honor for me to be with you in this brand new edifice we are dedicating today.

Since the days of earliest civilizations, men have built arenas as civic centers of entertainment and celebration--places where people gathered to honor outstanding skill and achievement.

This beautiful new arena is such a place. In a few moments I will unveil the artist's designs for two commemorative plaques which will be struck in bronze and placed near the entrance of this arena as permanent reminders of this day.

These designs symbolize the dedication of this building to the pursuit of excellence, to the encouragement of healthy competition, and to the recognition of this area as one of the major centers of the world for agricultural enterprises.

There may be some who will perceive this arena more as a dedication to hockey than to herefords. But regardless of our special interest, all of us take pride in the fact that we are naming this magnificent new structure in honor of the remarkable civic leader who for more than six decades devoted himself to the growth, stability, strength and creation of livability for Kansas City.

I now officially declare this to be the R. Crosby Kemper, Sr., Memorial Arena.

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Advance for Release at 6:30 A.M. EDT, Friday, Oct. 18, 1974

USDA 2984-74

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"INCENTIVES -- OUR REAL FOOD RESERVE"

When a peasant in one of the lesser developed countries wakes up in the morning, the first thing he thinks about is not the rush hour traffic. It is not the business luncheon he has scheduled for later in the day. It is not the new dress for his wife or the education for his children.

His needs are far more basic than those things. He worries about finding enough food for another day. He wonders how he can possibly earn enough money to buy the thin, watery gruel that is his family's staff of life.

To him and hundreds of millions of others like him, all goods and services other than food are luxuries. Other needs are secondary to filling the stomach.

We often forget this, living in our land of plenty as we do. But the pressures are building that will soon draw our attention increasingly to this basic tenet of life. Some of those pressures may be painful. They will affect our pocketbooks and our level of living.

The human race stands at a unique juncture. We are experiencing the fastest population growth rate in human history, and equally significant, this rate is building from the largest population base ever recorded. Since the first of our species walked on this earth, the human population has doubled itself only 31 times -- or about once every 30,000 years. Now that doubling rate has accelerated to about once every 33 years.

Address by Secretary of Agriculture Earl L. Butz before the National Association of Farm Broadcasters at the Crown Center, Kansas City, Missouri, October 18, 1974.

The world currently adds a net of nearly 80 million people per year to its rolls. That's as many people as the combined populations of California, New York, Ohio, Illinois, Texas, Florida and Alabama.

As near as we can tell, human population has probably never increased at a sustained rate of more than about 0.1 percent per year. Now it grows at a rate of about 2 percent a year.

That may not sound like much of an increase, but remember the magnitude of the numbers we're talking about.

Even if the rate of population increase dropped to the replacement level at this very moment, we would still have an additional one billion people to feed 25 years from now -- simply because of the age composition of the present population and the chances for increased longevity.

Will we be able to feed all those people?

The answer is NO -- not with today's farming practices as they are still carried out in much of the world.

Not with the lack of agricultural research in the developing countries.

Not with today's lack of incentive for farmers in many nations.

Not with today's supplies of fertilizers.

Not with today's supplies of fuel.

Not with today's storage and distribution methods.

(more)

But we will feed 7 billion people on this planet if we address ourselves seriously to doing something about all these shortfalls. This will require changes in education, changes in economic policies, and changes in research. It will require better dissemination of knowledge and farming techniques. It will require more capital expenditures in food production, more available credit to farmers in lesser developed countries, and most of all, better incentives for the world's farmers.

If farmers are going to produce the amount of food the rest of the population needs, they are going to have to have some economic incentives to do so. There can be no adequate supplies of food produced in any country that insists on clinging to a cheap food policy.

As unpopular as this may sound in some quarters, most of the world's leaders have now acknowledged this crucial economic truth. Presidents, dictators, and kings alike have become keenly aware that we are on a collision course. Population is expanding at a geometrically expanding rate, and food production is growing on a simple, straight-line curve.

So the most important question boils down to how we can increase the world's agricultural output in the next quarter century. If we make the necessary gains, then we will have time to work on ways to slow the rapid rate of population increase we are now seeing.

For many years now, the United States has carried the bulk of the world's reserves of grain and cotton. We didn't do this as a conscious policy, but rather as a by-product of our agricultural price support programs.

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Those programs never succeeded in bringing prosperity to farmers, and they never allowed this nation's tremendous agricultural production capacity to come fully into play in meeting the world's needs.

Other large grain-producers such as Canada, Australia, Argentina, South Africa, and Western Europe also carried some of the world's grain reserves through their own agricultural production policies and storage plans.

In short, the food-deficit countries never had to worry about lining up supplies much ahead of the time of actual usage. Grain was always waiting for them in elevators and fields of the major producing areas such as the United States. There was little incentive for the grain importing countries to build their own storage. Plenty of food was available elsewhere, either at bargain basement prices or through concessional programs such as those carried out by the United States.

Suddenly things have changed; it's a new ball game. The government-held reserves in this country, which only three years ago were referred to as burdensome surpluses, are now gone.

We still have a good supply of grain in this country, but now it is in the hands of individual farmers, processors and distributors. Control of supplies no longer rests with a centralized control point within the government. The United States Government is out of the grain business and we hope to stay that way.

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That's all to the good; taxpayers no longer perform the inventory function for purchasers abroad or for the grain users here at home. The individual companies and the foreign buyers who rely on American grain can no longer turn to the government-held grain bins whenever they need some inexpensive inputs. Now they have to bid for their grain on the free market and also help pay some of the storage bill.

If an individual farmer wants to take the risk of storing his grain, hoping to make a profit through storage and market fluctuations, he can attempt to. If he makes money, that's his decision. If he loses money, that's also his choice.

But with the shift away from large stores of U.S. government-held grain, and with the tight supplies of grain in the world during 1972-73, the international food situation has moved to the front burner. The first World Food Conference will convene in Rome next month with nations scheduled to sit down for two weeks to discuss world food plans.

Most of what will be said at the conference will surely be fact. Some will likely be fancy. Emotions run high on this subject. Diplomatic negotiations sometimes hinge on food availability. Governments become shaky when the rains don't come. The whole world watches when dry weather or an early frost hits the American grain belt.

Food aid to developing nations will be one of the topics discussed. The United States' viewpoint will be carefully scrutinized. This is natural; we've been the major provider of food aid for a long time.

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The facts on food needs and food supplies are diverse and difficult to gather. Some have said that the world has only a 28 day food reserve on hand. Equally competent authorities have determined it to be nearer 428 days. I side with the latter estimate, especially now at harvest time.

But these are only numbers, figures that people play with when they are trying to project the future -- something mankind has never been able to do with any degree of accuracy.

One of the obvious facts is that, on the average, the people all over the world eat better and live better now than they did 20 years ago, 10 years ago, or even 5 years ago. Enormous gains in nutrition have been made in recent years.

Excluding the People's Republic of China (for which we have no figures) world food production has advanced in 18 of the last 20 years.

In 15 of those years, world food production per capita has also advanced or kept abreast with the growing populations.

All told, food production has increased by about 70 percent during the last two decades. Even when figured on a per capita basis -- taking population growth into consideration -- food production has advanced 22 percent.

The most serious setback of the entire 20 year period came in 1972. That particular drop below the trend line triggered most of today's concern about food supplies. Yet in 1973, world food production not only recovered, but actually set records, gaining about 7 percent over the previous year.

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Overall, the trend line for food production has been very good despite the variations from year to year. In the developed nations, per capita food production has increased about 1.5 percent per year, and in the developing nations it has increased about 0.5 percent per year.

Taking imports into consideration, the historical picture for the developing nations brightens even further. As their economies have developed they have been able to afford more imported food from abundant producers such as the United States. On the average, grain consumption in the developing countries has risen more than one percent per year for the past two decades.

For 1974, world food supplies look fair. Crops will not reach the record levels of 1973, but neither will they dip to the lows of 1972.

U.S. wheat production will exceed last year's record crop by about 4 percent. Australia and Argentina report good crop prospects, offsetting to a large extent the expected drop in Canadian production.

World rice totals will be down slightly, but in the U.S., our rice crop will exceed last year's crop by about 20 percent.

According to the October 1 crop report, this country's soybean crop will be the third largest in history, and our corn crop will be the fifth largest in history, in spite of the dry weather in the Midwest.

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If all this is true, why the fuss about a food crisis?

It stems partly from the rising expectations of people in the developing nations. They all want to eat better, and it is right that they should! But the desire for better eating should not panic us into a fear that the world faces an immediate food crisis.

There are some troubled areas of crop production, to be sure; and some shortfalls in some local food supplies. India and Bangladesh are two cases that come quickly to mind. They are facing real problems. In other scattered areas in many countries there are also many millions of people who could be better fed.

The United States has always lent food aid to people in need. We will continue to do so. It's part of the responsibility of all developed countries to help those less fortunate and suffering an emergency.

This country has a history of humanitarianism unmatched by any other nation. The record of food aid assistance from developed countries to the developing world in the years 1965 to 1972 shows that the United States provided 84 percent of all food aid.

We will continue to support such efforts, and we will continue to encourage an internationally coordinated system of food reserves.

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We have never questioned the need for food reserves. BUT, we feel it's the responsibility of the importing countries to take a much greater share of the responsibility in carrying such reserves.

Exporting countries other than ourselves should also carry -- within their normal marketing systems -- the reserves they feel they need. Such a system of widely held reserves throughout the world would work to the benefit of all nations.

It should not be the task of any one nation to carry the emergency reserves for the world, and it certainly should not be the single-handed burden of the United States government.

We have spent entirely too much time, here and abroad, talking and worrying about methods of distribution and storage; about who will be responsible for what kind of reserves.

All the distribution and storage in the world will do no good if there is no grain to distribute. Let us now begin to direct more attention to the real problem area: PRODUCTION.

The real challenge in feeding the world is to increase output. It is beyond the capacity of American agriculture to produce at a level that will satisfy the appetite of a world with continually increasing numbers of people having continually rising expectations.

Let's examine where we are in world food production, what the limits are, and what's been happening.

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In the 1950's and 60's the developing countries increased their grain growing area by 35 percent. That means they now have more land in grain production than do the developed countries.

But they still produce only about as much grain as the developed nations did in 1948-52 -- 20 years ago.

Why?

The answer is yield per acre. The developed world's grain yields shot up 63 percent in the 1950's and 60's -- while the developing countries' yields rose only 32 percent.

Clearly the answer to increasing the world's total output of food lies in increasing grain yields in the developing countries. .This is particularly true now that most of the world's best croplands are already in production.

It's not that the farmers in developing countries aren't willing to change. In India's Punjab region in the mid-1960's, Indian farmers adapted high-yielding varieties of wheat more rapidly than Iowa farmers adapted hybrid corn in the 1930's and 40's.

The answer lies in the ratio of incentives and risks. A farmer in a developing country may not know how to read or write, but he knows how to figure. Show him that new practices and new seeds will return him a clear-cut profit and he'll adopt them in a hurry.

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In too many countries it has long been a political illusion that the population is best served by a cheap food policy. This is erroneous. If the experiences of recent years have taught any lesson at all, it is that farmers the world around respond to a profit incentive -- either in cash or however you want to measure it.

Look what's happened in this country. In the last 2 years American farmers have turned on the production spigot with full force. Farmers are producing on every inch of available ground. That's why we had a record wheat crop and why we'll still have a corn crop of 4.7 billion bushels this year, in spite of late planting, dry weather and early frost.

The force behind this tremendous increase in farm productivity has been a market-directed signal. There's a cash incentive to produce. Producers in this country and in every other country understand that sort of language.

Every nation of the world must work to create such an environment conducive to the expanded production of food and fiber. The potentials for increases in food production are now greatest of all in the developing countries.

Our country has already taken the shackles off production; other countries must follow suit. They must stamp out the disincentives to agricultural production wherever they find them.

It is the job of the developed world, including the United States, to assist with agricultural development in the less productive areas of the world. We must help with the research and the know-how, and help channel capital into efficient agricultural production and trade.

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But these things will do little good unless the indigenous governments of the world adopt internal price and distribution systems that will send a market signal to individual farmers, assuring them that somebody needs their production; that someone wants them to assume the additional risks of striving for higher production. They must know that somebody is willing to help them with the credit they need, and that the productive inputs they need will be available. Most of all, they need to know that someone is willing to make it profitable for them to do a better job of farming.

The only real food reserve in this world lies squarely where it always has: with the productivity of the individual farmer. This is true whether he farms with an ox or a \$30,000 4-wheel-drive tractor.

Governments do not produce food -- only farmers do. World Food Conferences do not produce food -- only farmers do. Secretaries of Agriculture do not produce food -- only farmers do.

The only lasting way to increase productivity is with economic incentive to those farmers -- however you may measure it. Individual incentive is the invisible cement that holds together the packages of science and technology that make up modern agriculture.

That is true wherever you go. It works in our country and it will work in any other country in the world, at any level, at any time.

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Advance for Release at 6:30 A.M. EDT, Friday, Oct. 18, 1974

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"BECOME HUNGER FIGHTERS"

In the next 25 years, 200-bushel corn must grow where only 100-bushel corn stands today. Wheat fields that now produce 40 bushels per acre must produce 80 bushels per acre. Two cows must graze where now only one can feed.

World food production must double by the year 2000. The next two decades and the years beyond must become an era of hunger fighters. The most valuable men and women of your generation will be those working in agriculture: the farmers who will produce the abundance for the rest of us.

Population growth and food production are on a collision course. The doomsdayers say we are already in trouble. I say this is false, that most of the world's people eat better today than at any other time in history.

I also believe this record of good eating will continue -- but only through hard work and diligent efforts from both your generation and mine.

There are limits to the ability of the earth's resources to feed a continually expanding population. Each minute sees a net addition of 152 people to the world's rolls. Equally significant, this growth rate is building the fastest in the developing countries -- where agricultural yield per acre is the lowest.

Address by Secretary of Agriculture Earl L. Butz before the Future Farmers of America's Annual Convention, Municipal Auditorium, Kansas City, Missouri, October 18, 1974 at 10:40 a.m.

It is in those countries that the front lines of the hunger battle must be formed. Ultimately, we must find answers to the population problems, but while we are searching we must increase food production.

There's a lot of talk about grain reserves and better distribution systems, but all of the distribution in the world won't help unless we produce enough grain to distribute.

Farming methods must be improved in all lands during the next 25 years, and it is there that you will find your challenge in agriculture. We have already conquered the geographic frontiers, but now an even greater challenge lies ahead; the scientific frontier.

The new frontier is the frontier of the mind. The gains of your generation will be limited only by your powers of imagination. Your frontier is the greatest one that mankind has ever dreamed of. You can make a contribution to human welfare, peace, and stability that no other generation has ever had the chance to make.

I've heard some people claim that there is no room for young people in agriculture, that all of the best minds are being forced off the farm and into the city. That's poppycock! No one has to leave agriculture unless he wants to.

Farming is changing and maybe not every one of you who grows up on a farm can return to run that farm, but that doesn't mean there are no openings in agriculture.

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The type of technological agriculture we have today takes a vast amount of supportive research. It takes understanding of complex business relationships and knowledge of international trading relationships.

It's true that not everyone in the future will have the privilege of running a powerful tractor or of actually tilling the soil, but what about the soil scientist? The cereal chemist, the agricultural engineer, the laboratory technician? The teacher, the extension worker? Each is working in agriculture and each is vital if we are to win that race to keep food production ahead of population growth.

What about the agricultural writer, the farm-state politician, the statesman or the diplomat? Many of the best men and women of this country have come from the soil. The same will be true in your generation. The practical experiences in life and business that an agricultural background gives can be invaluable as you apply yourselves to the future.

You young people are destined for leadership. Perhaps this will be your major contribution to agriculture. One of the most practical places for applying that leadership role would be in the farmer cooperatives. Cooperatives can help farmers keep control of their farming operations. They can help put profits into farm pockets by more efficient buying and selling. They can help supply leadership and coordination through the American Institute of Cooperation. There is a job area you can enter into with confidence of staying close to the farmer and the soil.

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Regardless of where or how you choose to work in agriculture, you must become the thinkers, the catalysts, the doers. Study the earth, study philosophy, religion, mathematics and the sciences. Learn of man's past failures and success. Learn from them and apply whatever you can of them to your challenge ahead. You will need every bit of knowledge you can get -- and you will need the wisdom that comes with experience, hard work and a few failures along with your successes.

We are coming up against some stark realities in this world. Our supply of resources is finite. We must learn to make the best use of what we have: wherever it is and however many times we can reuse it. There are limited land resources, limited water supplies, limited fertilizer supplies, limited energy supplies. From here on, we simply must increase our effective use of these productive inputs whatever they may be -- land, or water; chemicals, or sunshine.

President Ford spoke to you Tuesday night about the fight to overcome inflation. He suggested many ways in which each of us could cut down waste and improve efficiency. Productivity and efficiency must be improved in everything that we do now and in the future. The productive gains that are needed can be made only through the use of science and technology. That means the careful and selective modification of the ecology of nature. We must devise new methods of minimum tillage to work land that is now considered unworkable. We must grow sorghum-sudans where only short grass grew before. We must modify plants and change the growth patterns of animals.

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We must fight the battle of increasing food production by using herbicides, insecticides, antibiotics, growth regulators, and fertilizers. As we do, we will be seeking to improve the whole process of energy conversion in agriculture.

That is what it is all about. We must convert the sun's energy into food. If that means putting together new combinations of materials and techniques, so be it. It is mankind's role to select, to innovate and to improve.

To turn away from the age of science and reason as some have suggested would be disaster. To close our eyes to the growing need of the world's human population for food would be nightmare and chaos.

The old ways were not good enough -- and too many of the world's farmers are still tied to those ways. Too many of the world's people are still bound by the limits of subsistence agriculture. Dissemination of scientific agricultural knowledge and the use of modern farming technology and fertilizers are the only way to overcome those limits.

The advancement and spreading of knowledge is your job. It is your generation's most vital task.

Most of you have some practical farm experience -- you know the folly of sticking to old ways when there are more efficient and more productive ways of doing things.

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Those who espouse turning back the clock to the methods of the "good old days" have probably never spent much time on the end of a pitchfork or a hay hook.

Yours is not to look back and mourn for a golden past that never was, but to look ahead to new days of farming and worldwide agriculture that will be better than anything we now have or can even envision.

You must help plan and build that new agriculture. You must look beyond the turnrow of your homeplace and onto the world that awaits any new offering of knowledge you can gain and share.

We're in an interdependent world now, bonded by new means of communication and transportation. Agriculture will be on the front burner from here on out. Be proud you are a farmer or a technician or an agricultural scientist, or whatever role in agriculture you choose. But most of all be proud that you are among the front ranks of the hunger fighters.

The next century of man will succeed or fail -- depending on how well you prepare yourself for the tasks ahead.

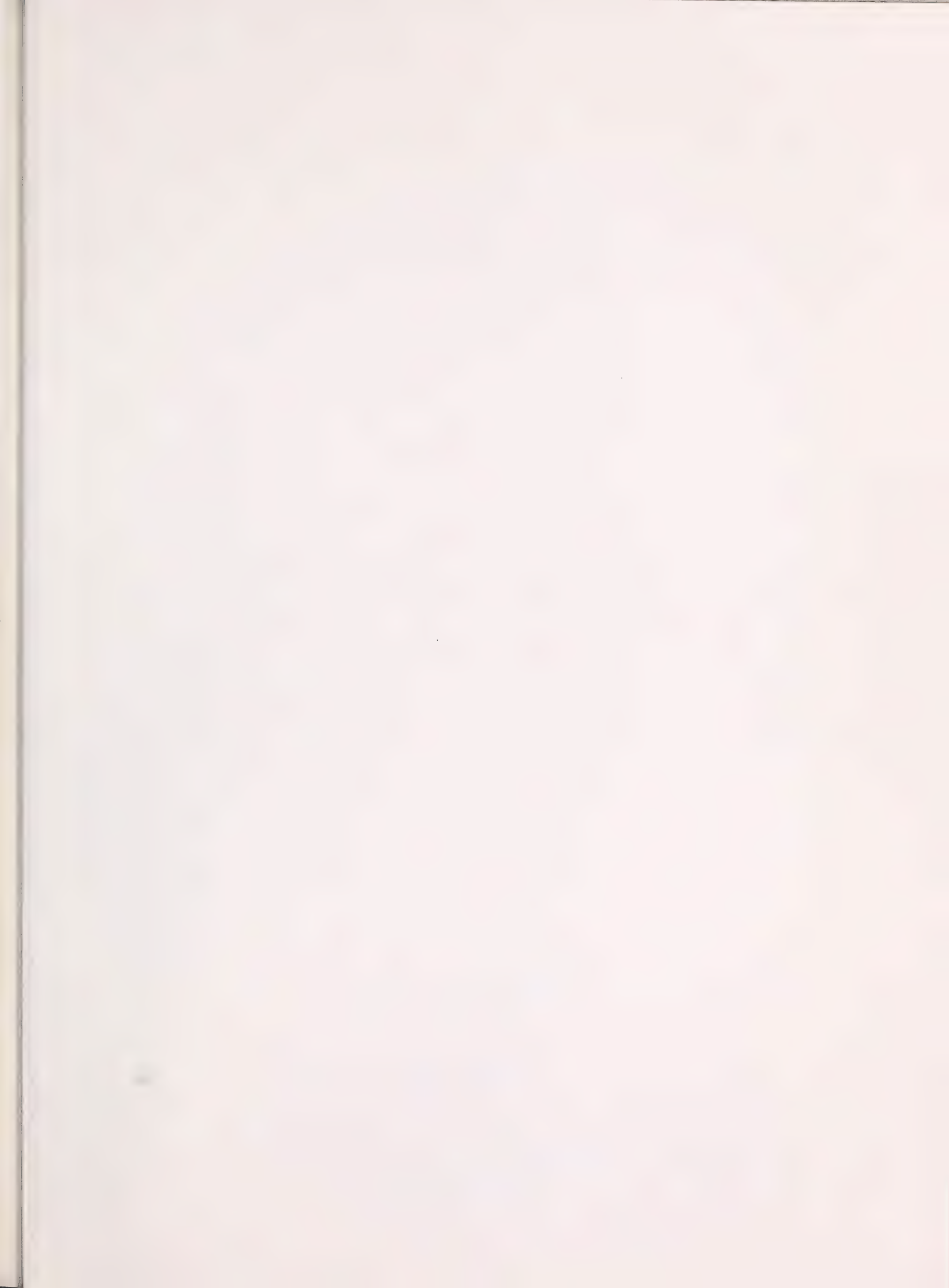
Lift your head and look about. Be proud to say that you are in agriculture, but also be prepared to work. Yours is the best of all possible professions because it is the one that will face the most challenges.

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The number one responsibility of this conference is to move the world toward a higher level of food production. Its success in guiding and stimulating farmers to grow more food will be the ultimate measure of its achievement--the yardstick by which history will appraise our efforts of the next few years.

There are other subjects to consider, of course. There is the matter of food reserves. There is the question of emergency aid. There is the subject of improved storage, handling, and distribution of food. There is the need for further liberalization of trade in foodstuffs and in goods that are exchanged for foodstuffs. These, however, are issues that arise after food is produced--not before. We are not here to talk about what to do with less food. We are here to talk about what to do with more food.

There is enormous opportunity to produce more. During the two decades of the 1950's and 1960's, grain yields increased 63 percent in developed nations and only 32 percent in developing countries. Yet many of the developing countries have enormous potential, and many are making great progress in improving yields and building the rural institutions necessary for continued advancement.

Many of the answers to world food problems in the future--10 or 20 or 50 years from now--lie in yet unknown methods that await discovery in laboratory and test plot. Some of the world's most spectacular achievements will come from such research as they have in the past.

Address by Secretary of Agriculture Earl L. Butz, Chairman, American Delegation, before the World Food Conference, Rome, Italy, Nov. 6, 1974.

Much, however, remains to be done in employing the technology we already have. We have at hand tremendous knowledge--of plant and animal breeding and nutrition. Disease and pest control, mechanization, farm management, marketing and other farm sciences. Merely stopping unnecessary waste in harvesting and storage and losses to insects and other pests would buy the world a large amount of time as we seek to increase production.

Finally, as we address ourselves to increasing production there is the continuing challenge of identifying those factors that cause a farmer to produce. Farm production is not a constant. There is a world of difference in the way farmers utilize their productive ability. There is a difference from country to country, from region to region, from farm to farm, from season to season--the human differential. It is costly to produce food--costly in human effort, in capital investment, and increasingly in the purchase of production inputs. To produce at high cost requires incentive.

In my country, farmers respond to the incentive of profit. The opportunity for farmers to own and operate their own farms is an incentive. The desire for better living, a better home, and education for the children is an incentive. Pride in being a farmer is an incentive. The opportunity to share in the progress of community and nation is an incentive. In modern societies, these incentives are closely related to the ability to earn a fair return from one's investment--a decent reward for one's labor.

I strongly suspect that this is true in other countries as well as my own. I do not pretend to be an expert in the ways of other nations and peoples. But I ask each of you: Is it not true that your farmers respond best when they are rewarded with the means to live better and provide better for their families? Call it profit. Call it by another name. It's still a response to economic rewards.

In our own country, we believe that the opportunity to gain increased returns from the market will result in substantially larger production in the year ahead. The freeing of crop and from our former system of production controls has already had a great impact on our agriculture. As recently as 1972, our farmers were holding out of production, under government programs, about one hectare for every five hectares that were in crops. Government programs have released all of this land and farmers had returned well over half of this "set aside" cropland into production by 1974.

We expect much additional land will be planted for harvest in 1975. The incentive is there in the form of market opportunity--the opportunity to profit.

Of course, this takes time. At best, an increase in production requires months. Often, it requires years. Meantime, people must eat. In a year like 1974, the subject of food aid becomes very important. This conference will spend a good deal of time on the question of food aid--how best to administer it and where best to assign the responsibility.

The United States welcomes the increased attention that other developed countries are giving to their own national food aid programs. We applaud the food programs of the FAO and other United Nations organizations. We support a further broadening of food aid responsibility among nations and international organizations. At the same time, the United States promises to increase its own commitment to international food aid.

Even in this year of short supplies, and budget restraints, the United States expects that total programming under its P.L. 480 (Food for Peace) program will exceed the value level of last year. In the current year, we will be shipping more wheat and more rice than last year, but less feedgrains and vegetable oils, due to availabilities. The United States has responded to world needs in the past. We are doing so again in the current year. We are trying to be flexible with the program, to meet real needs--in a time when supplies are tight and costly.

The other subject that has come to the fore, along with food aid, is the question of food reserves. As I have already noted, the best assurance of food security is increased production. We cannot conjure a reserve out of something we don't have. To lock away a part of current short food supplies in order that the future might be more secure would call for less consumption this year, higher food prices, and more inflation. These are consequences that few nations would wish to entertain at the present time.

Our attitude on food reserves was outlined by President Ford in his speech to the United Nations General Assembly on September 18. He said;

"To insure that the survival of millions of our fellow men does not depend upon the vagaries of weather, the United States is prepared to join in a world-wide effort to negotiate, establish, and maintain an international system of food reserves. This system will work best if each nation is made

responsible for managing the reserves that it will have available."

Thus we favor an internationally coordinated but nationally held system of reserves. We will cooperate in reasonable international efforts to sustain food reserves to meet emergencies. We do not favor food reserves of a magnitude that would perpetually depress prices, destroy farmer incentives, mask the deficiencies in national production efforts, or substitute government subsidies for commercial trade.

If a reserve system is to succeed, it requires a free exchange of adequate production, stocks, and trade information. In fact, such an exchange is essential to the whole objective of improved food security in the world. If grain producing nations are to succeed in meeting world needs for both trade and aid, they must have adequate information on those needs. Importing nations must share information on food stocks and needs. Exporting nations must share information on production and supplies.

We must improve our methods of forecasting world crop yields, measuring global harvest, and monitoring national food needs and utilization. The United States stands ready to make such information readily available and to share freely the techniques of information gathering and forecasting.

The exchange of technology--really the sharing of people, their skills, and ideas--contributes enormously to world understanding as well as material betterment. The 400 U.S. agriculturalists assigned annually to other countries--the 1200 farm scientists who come to my country--the thousands of foreign students in U.S. colleges--these represent an incalculable contribution to the American experience. At Purdue University, where I was associated for so many years, we have had 100 to 120 foreign students in agricultural college at any given time. Today, wherever I travel in the world, I meet former Purdue

students at work in their own countries. To an educator, nothing could be more satisfying.

In closing, may I emphasize that the objectives of this great conference will require sustained effort--through years of plenty as well as in years of tight supply. Historically, the concern over hunger has tended to wane and wax with the rise and fall in world production. The subject is too serious for that, it deserves continued high-level effort on all fronts, and I hope that this conference will be the beginning of such a sustained drive.

This conference must be remembered as a new dawn of hope and opportunity in man's age-old struggle against hunger and malnutrition.

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USDA 3199-74

THANKSGIVING 1974: PEOPLE PRODUCING PLENTY

Three days from today, millions of Americans are going to sit down with family and friends at long tables covered with bounty that has never been matched in the history of civilized man. We will be giving thanks for countless blessings--high among them being the abundant food and fiber which enriches the lives of all of us.

Even as we sit down in thanks, we must think about an evolving world food situation. Just one week ago, we returned from the World Food Conference in Rome where the issue was not the rising cost of food, nor was it a question of which goods are more available than others. No, the issue was more simply--and much more starkly--drawn: will there be enough food?

I mention this because the world issue of food availability is intimately connected with U. S. agricultural policy. And I want to explore how the turnaround in farm philosophy in America is contributing to solutions of the world food problem.

In Rome there were about 130 nations representing all levels of affluence. The food surplus nations were represented as were the food deficit nations. The developed nations sat down alongside those nations which were yet in beginning stages of development. With all this diversity, and with such a wide spectrum of interests represented, it was never easy to get a consensus.

Address by Secretary of Agriculture Earl L. Butz before the Correspondent Bank Conference, Chicago, Illinois, November 25, 1974, 8:15 P.M. CST.

Yet, progress was made the World Food Conference. Committee recommendations moved into the plenary sessions where a number of resolutions were adopted. We did get agreement on important questions, and we did agree on the need for still more efforts. I was pleased that a framework was established so that we will work in the aftermath of the conference to translate plans into action.

I came away from the conference with an even greater understanding of the problems we face as world citizens. One of the biggest is what we call food security. How do we provide food security--the security to know that we can feed ourselves at satisfactory levels of nutrition.

Maintaining food security within our own country has been a major national policy in America and has been implemented through a policy of abundant production and through our Food Stamp and School Lunch programs for citizens with low purchasing power.

The way we have maintained food security at home, and a principal way we can help bring it to our sister nations abroad, is by producing more food. We have a heavy commitment that more food is the only long range answer to this grave problem.

The most sophisticated food distribution systems are worthless if there is no product to distribute. I got the feeling in Rome that too many of us were concerned about how we might distribute scarcity when the real challenge is how we are going to produce plenty. But eventually population will outrace food production unless there are restraints on population growth.

Producing plenty is the base of a new agricultural policy which has taken hold in the last two years, in a period when I believe we have completely turned around the direction of farm policy in the United States.

Briefly, let me summarize this change as I have perceived it.

It has moved---

1. From high internal price supports to a system of market price orientation.
2. From curtailed production to full output.
3. From production allotments and quotas to freedom from producer allotments.
4. From heavy dependence on government to primary dependence on the marketplace.
5. From broad governmental controls to minimal or no controls.
6. From heavy government stocks to vanishing government-held stocks.
7. From a moderate level of agricultural exports in world trade to a major contribution of agricultural exports to world trade.

Our farm program philosophy was turned around institutionally in the Agricultural Act of 1973. For 40 years prior to that, with short wartime exceptions, U. S. agricultural policy had been based on reining in the tremendously productive American farm machine.

I hope we can keep this philosophy turned around. It won't be easy because, even now, there are plenty of responsible farmers who honestly and sincerely have a fear of producing too much. They have a fear of price-depressing surpluses and feel that we ought to be cautious with the business of all-out production. But as President Ford pointed out in his recent speech before the United Nations, food and fuel are the two critical items for which the world faces a need in the years ahead. Our problem is to get more of both, and to make sure we have adequate and equitable distribution of each.

The President reminded us--and the world--that the United States has a policy of full production. He told us how America is by far and away the world's leading food producing and exporting nation. There is no question that our policy is to utilize fully this great natural resource the Lord blessed us with. We have no cartel food pricing and no restrictions. The nations of the world have access to our food supply in a free market situation.

The central point, of course, is the importance of a plentiful international food supply. Poor countries are not going to need fuel for their cars so much as they will need rice or bread on their plates. In that sense, food becomes the truly critical item in the months and years ahead.

As recently as three years ago our government was paying about \$4 billion annually to our farmers, in the main, for not producing. The American taxpayer was paying out that amount under the former farm program. We have now reduced program payments, not including disaster payments, to less than half a billion dollars this year.

Worst of all, not long ago the taxpayers were also paying out \$1 million a day just to store the commodities that the government had acquired under the then existing price support program. We have reduced that to a minimal amount. Frankly, from where I sit, it was good to get rid of that burden and embarrassment.

It is right to get the government out of the commodity business, although this now causes some problems. At the World Food Conference, important implications arose from our new policies. For 40 years, with only short wartime interruptions, the American taxpayer carried most of the world's food reserve--not as a reserve, per se, but as a surplus accumulated as a result of poorly conceived price support programs.

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Those programs did not work. They did not raise farm income. They did not produce plenty. They were not policies to use our God-given resources to the maximum in helping to feed the world's hungry. Instead, they raised the taxpayer's costs. They clogged marketing channels. They disrupted pricing systems. They caused problems for our sister food surplus producing nations.

Uncle Sam, together with our Canadian neighbor to the North, not only carried the bulk of the world grain reserves, but performed the inventory management function for many users, both at home and abroad

Our government carried the inventory with a release price determined by law--the loan rate, plus carrying costs plus 15 percent. Everyone knew that commodities could be acquired at prices not to exceed that cost. So why should they do their own inventory management? Whether a Japanese food agency--where substantial food was imported--or whether an American miller, cotton spinner, or even a gambler, their supplies were assured for the next 12 months at a guaranteed maximum price. The government performed that function for them.

Now we are in a new situation. The government no longer performs the function of inventory maintenance. This leaves some people in an uncomfortable position. Our foreign customers are not alone; some of our own domestic processors are equally distressed. But I am one who believes that it is not a proper function of the United States taxpayer to perform the function of inventory management either for a foreign trader or for domestic private processor.

There is a more valid reason why I believe as I do. In my judgment, reserves are more nearly reserves when held by the private sector than when held by the public sector. At least, I believe that is true in the American experience.

Nevertheless, there is considerable pressure for the accumulation of government-held grain reserves. Some believe, for example, that we should have a reserve right now, publicly owned, of 200 million bushels of wheat and an additional 400 million bushels out on the farms under government loan. Essentially, the desire is to have it immobilized from the commercial market.

Yet, consider this. We came out of the wheat marketing year last June 30 with a carryout of some 250 million bushels of wheat. The government owned less than 8 percent of it. Nonetheless, the 92 percent was just as surely a reserve held in private hands as it would have been if it had been owned by government. Indeed, it was more nearly a reserve in private ownership, because it was beyond the reach of public pressure. It was beyond the reach of those who would have like to have forced that wheat back into channels of commerce to blunt the upward push on bread prices.

If the government had held the reserve, the public pressure could have taken such political form that it might well have been impossible to resist the pressure to liquidate that reserve. In that case, the reserve then would not have been available, as was the reserve held in private hands--by the farmers and by the trade.

Consequently, I am absolutely convinced that in our situation in America, the safest reserve and the reserve that is most likely to be there when you need it is the reserve in private hands and not reserve in public hands. When the government held that reserve two years ago, the pressure to liquidate that reserve and to put it into channels of distribution was enormous. Much of that pressure came from consumers and from the Congress. This was inevitable. We liquidated too soon. We clogged distribution channels; we disrupted normal pricing systems.

The world desperately needs adequate grain reserves. They are too low now for comfort and safety. The recent World Food Conference in Rome recommended that there be established an internationally coordinated but nationally managed system of reserves. This is as it should be. For some nations the best system will be a state system. For our nation, I am convinced the best and most fool proof system will be essentially our private system. It works.

We hear from critics that this Administration has no food policy. They are just as wrong as can be. We have a firm food policy--only it doesn't happen to be their food policy. The food policy was based on heavy government participation in and control of agriculture. Theirs was a policy based on scarcity. We have a food policy based on full production. It's a food policy based on plenty. If there is going to be any food security in the world, it must be based on rising food production.

When we gather around the Thanksgiving Table, I, for one, am going to give thanks that we have the capacity to one day make our own dream a possibility for hundreds of millions of our fellow citizens all over the earth.

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Advance for Release at 6:30 P.M. EST, Monday, Nov. 25, 1974

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"BECOME A COMMITTED CITIZEN"

When Captain John Smith and his colonists first settled Jamestown, they had some tough sledding ahead of them. Their first winter taught them in a hurry about the need for a strong and productive agriculture. They nearly starved to death.

Smith took that into account when he wrote back to England for more colonists. "Send me no more gentlemen," he wrote, "but rather some diggers-out-of-tree-stumps."

He wanted men and women who knew how to work. Men and women dedicated to the idea of individual initiative and freedom. If a new nation with a better life for all its people was to be formed, it would take people of commitment. It would take individuals who believed in working hard and having the freedom to enjoy the benefits of that work. Men and women who were committed to the dignity of all people and to the right of each person to choose his own destiny.

The need for such commitment hasn't diminished one bit since Captain John Smith's day. It's still just as crucial today as it was 367 years ago.

The greatest challenge of your generation will be to reaffirm that commitment, to reaffirm faith in America and in the goals and beliefs of our society.

Address by Secretary of Agriculture Earl L. Butz before the National 4-H Congress, Hilton Hotel, Chicago, Illinois, December 1, 1974.

Become a committed citizen. The next two or three decades, the time of your most productive years, will hold the greatest chances for advancement that mankind has ever witnessed -- particularly in agriculture. But there will be some tough hurdles ahead.

The need for more food grows each day. Every minute sees a net addition of 152 people to the world's rolls -- 80 million new mouths each year. These people will need food. Regardless of where this food will be grown, advanced agricultural technology will have to help it along. A person with any sort of background or interest in agriculture will hold a valued spot. Such skills and knowledge are needed now and will be needed even more in the future.

In past years we have conquered the geographic frontiers. There are no new territories to inhabit and very few virgin prairies left to plow. The most productive lands are already in production.

The modern frontier is a new frontier -- the frontier of the mind. This is where you will make your gains and contributions. There will be no limit for advancement. Your generation has only to commit yourselves to reason and to learn -- to expand the present boundaries of human knowledge.

What a magnificent task! I almost wish I were starting over again. Never has any generation of any civilization had the range of choice, the freedom to choose a career, or a particular way of life, as you do. There are literally almost no bounds. You can go as far as you have the courage and the talent to search. Your educational opportunities are a full assortment of dreams, a smorgasboard of intellectual offerings.

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Computer sciences, electronic technology, film-making, television and modern printing presses make up the bulk of mankind's knowledge. The collective learnings of eons. It's available to anyone who's willing to dig for it. All of the communicative and research tools are yours to use in building a better life for all peoples, over the entire earth.

Regardless of where or how you choose to work, you must become the thinkers, the catalysts, the doers. Study the earth, study philosophy, religion, mathematics and the sciences. Learn of man's past failures and successes. Learn from them and apply whatever you can of them to your challenge ahead. You will need every bit of knowledge you can get.

You will also need something that is impossible for one generation to pass on to another -- wisdom.

Each age has its own wisdom. The wisdom of my generation may not always be what's best for your generation. You alone will have to decide that. We must each exist in his own time and in his own frame of reference.

Look back and grab as much of the good as you can. Then use that knowledge to build your own foundation of wisdom.

Don't just look back and complain about the bad. Don't dwell endlessly over the mistakes that have been made -- you'll make some too. But don't let that stop you.

Be positive. It's your world and you can help shape its form for the next century. Whether you choose a positive or negative attitude will determine the choice between chaos or a better life for everyone. You can be the architect of your environment -- not its victim.

(more)

Learn about technology; think about it in a positive way. Some people have said recently that all technology is bad, that nature is good and man's technology is bad.

That's nonsense. Man's technology is part of nature. It is the blending and use of natural laws and resources. It is the contribution that has done more to change mankind's lot than any other.

Technology helps bring us pure water and wise use of our soil resources. It helps cut down on typhoid, dysentery, malaria. It helped end crippling diseases such as infantile paralysis and smallpox.

How many of you have ever had whooping cough? Let's see your hands.

The mumps? Measles? Diphtheria? Prudent use of technology has conquered these afflictions, but they were common childhood diseases when I was a youngster. They were even fairly common for some of your older brothers and sisters.

But you don't have to worry about these diseases today. A simple inoculation takes care of each of them. There's no way you can fully realize the significance of that -- not having grown up with the terror and the worry of such diseases.

Scientific knowledge and technology are not man's enemies, but rather his allies in a world that can be hard and cold sometimes. To turn away from the age of science and reason as some have suggested would be disaster. To close our eyes to the growing needs of the world's human population would be nightmare and chaos.

(more)

The old ways were not good enough -- and too many of the world's people are still tied to those old ways. They are tied down by a subsistence agriculture that holds them permanently on the ragged edge of starvation.

The way to break that vicious cycle is to increase the productivity of the individual, of each small plot of land. Make judicious use of technology -- apply fertilizers, try new cultural techniques, incorporate some of the agricultural efficiencies now found in the industrialized countries.

Dissemination of scientific agricultural knowledge and the use of modern farming technology and fertilizers are the only way to overcome the poverty caused by an inefficient agricultural system. The advancement and spreading of such knowledge will be your generation's most vital task. Commit yourselves to the future of man, to the future of your country. Be proud of who you are and of being an American.

We've been hanging our heads in shame the last decade and picking at ourselves. Let's stop it. We've done it far too long.

You don't heal a wound by picking at it or worrying about it. You heal it by making sure that the rest of the body is well-cared for and nourished -- that the system as a whole remains healthy.

We're coming through this period in which we have been engaged in self-depredation and self-accusation. Everything that goes wrong we automatically blame the American society -- whether it has anything to do with it or not.

(more)

It is time now to reaffirm our faith in America. It's time for your generation to come forth and renew the vital spark that has flickered some in the last decade.

Four-H stands for head, heart, hands, and health. But I have another set of H's I would like you to consider. I have a very simple formula for National Power -- it consists of three terms.

National Power equals Horsepower X Headpower X Heartpower. I call these the 3-H's -- the 3-H Power Equation.

Please note that I used the Times sign in that equation -- not the plus sign. You will recall from your algebra classes that whenever an equation contains the times sign, and if any term of that equation drops to zero, then the whole equation drops to zero.

This is also true of our 3-H equation. Therefore, it is essential that we maintain all three of those power components at a high level.

I'm not greatly concerned about "Horsepower" in our country -- we're organized for production, we understand efficiency. We know how to turn on our factories and farms when the call comes. This "H" is in pretty good shape.

I'm not too concerned about "Headpower" in America. We have by far a higher percentage of our young people enrolled in formal education than anyplace else in the world. This extends to all Americans; rich or poor, of whatever ethnic origin, or whatever color of skin, or whatever religion.

(more)

Providing a broad range of educational opportunities lies at the very heart of our beliefs. It lies at the very core of our goal to assure a livelihood and human dignity for all people. About 8 percent of our Gross National Product each year is spent on education. We have 400,000 youngsters in nursery school, 2 1/2 million in kindergarten, 28 million in elementary school, 14 million in high school, and 8 million in college. No other country has ever attempted quality education on that sort of scale. So we're in pretty good shape on this "H" too.

The third "H" bothers me. It is our "Heartpower"; and it is not as strong as it should be. Our Heartpower has been eroded. The pride in America that our people once felt has been slipping. We need once again to dedicate ourselves to those great principles expressed in the Declaration of Independence and later in our Constitution.

We need to hark back to the idealism and dreams of our Founding Fathers; not for sentimental reasons, but to recapture their commitment to a cause. We should re-examine and take to our hearts the pledge in the Declaration of Independence that stated, "... in support of this Declaration, with a firm reliance on the protection of Divine Providence, we mutually pledge to each other our lives, our fortunes and our sacred honor."

To sign that was no idle gesture. To sign that was to put your life on the line. Some of those men who signed it did, in fact, end up giving their lives in defense of it. Let's never forget that.

The vast majority of Americans still believe in that dream. They are willing to sacrifice to protect it, to strengthen it, to perpetuate it.

It is to your generation that we look for a renewal of the kind of "Heartpower" that inspired that Declaration of Independence.

Become a puller-of-tree-stumps -- wherever they may lie and however they may obstruct the cultivation of that dream, that ultimate hope for all men, all women, and all children everywhere.

You can make it happen.

BECOME A COMMITTED CITIZEN.

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Advance for Release at 6:30 P.M. EST, Sunday, Dec. 1, 1974

USDA 3440-74



FEAST OR FAMINE--THE KEY TO PEACE

Some four weeks ago, about 2,000 delegates from approximately 130 nations assembled in Rome for the World Food Conference. As never before experienced in this type of international convocation, attention was focused on food as the key to affluence, to health, to happiness, and, indeed, to world peace.

Food surplus nations sat beside food deficit nations; wealthy nations beside poor nations; developed nations beside developing nations; well-fed nations beside nations living intimately with human starvation; and the highly-nourished nations next to the malnourished. All had the same common objective of raising the levels of nutrition for all people, to find a more equitable system of global food distribution, and to set up a mechanism that will prevent a recurrence of the critical food situation in which many parts of the world find themselves today.

While one cannot completely assess such an undertaking so soon after it happened, I am confident that 10 years hence we will look back on the Rome Food Conference and view it as a milestone in man's long battle against hunger and human misery.

Like many international conferences, the Rome conference was filled with rhetoric--much of it for home consumption. Unlike many international conferences, however, the Rome meeting provided for post-conference committees and mechanisms to implement the recommendations growing out of the conference itself. The United States will be a full and active participant in these sessions and will continue to make constructive and valuable contributions.

Address by Secretary of Agriculture Earl L. Butz before the Iowa Farm Bureau Federation Annual Convention, Des Moines, Iowa, December 10, 1974
8:00 PM CST.

The Rome conference zeroed in on half a dozen important areas. Briefly, they were:

--Food Production. There was agreement that increased food production is essential in both developed and developing areas. Additional funds to stimulate production in developing countries will be required and means were discussed for establishing such funds.

--Food Aid. The conference recommended that food aid donor countries make all efforts, beginning in 1975, to provide commodities and/or financial assistance to ensure at least 10 million tons of grain per year as food aid.

--World Food Security. The conference endorsed the Food and Agriculture Organization's undertaking for international cooperation in establishing a world network of national grain reserves.

--Information. It was decided to establish a Global Information and Early Warning System on Food and Agriculture--essential to the whole objective of improved food security around the world.

--Trade. The conference stressed the need for eliminating trade barriers.

--World Food Council. It approved establishment through the United Nations of a World Food Council to have coordinating, consultative and advisory powers with respect to food aid, investment and other foreign assistance.

I was pleased with this progress, but it also left a great deal of work to be done.

The Rome conference and other events over the past year or so have proved that the two most critical problems in the world today are food and fuel shortages. But perhaps food is the most important of the two. One can always leave the car in the garage if the gas tank is empty, but if there isn't a little rice in the bowl or bread on the plate, we can get into trouble pretty fast.

Consequently, if there was any single dominant theme coming out of the Rome meetings, it dealt with the need for increased production all over the world. Many participants pointed out that the opportunities for increased production are perhaps greater in the developing countries than in the developed.

The need in these developing countries is for massive inputs of technical assistance, of research, of technology, and of capital. They need to give food production a much higher position on their priority scale than has often been the case in the past. It may have been nice for government officials to point to a new steel mill or a jumbo jet in their national airline's fleet, but these symbols of industrial advancement didn't help much in a country where perhaps three-fourths of the people live on the land while hunger yet walks side by side with half of the population.

When food is such a central problem, we all ought to be grateful that the United States is far and away the world's leading food producing nation and the world's leading food export nation. Our food policy should be a model to the world. It is one of full production, with no cartel pricing and with equal access to our supplies by users both here at home and abroad.

We pointed out to our fellow delegates that one of the reasons food production is so high in the United States is that our system provides an incentive for farmers to invest, to innovate, to expand, and to take commercial risks. We tried to emphasize that it is little wonder in some nations that increases in food production come haltingly when those nations follow an internal cheap food policy that holds prices down to producers. We feel that a farmer responds to financial incentives in about the same way whether he farms with a forked stick in India or rides a \$20,000 tractor in Iowa.

Only farmers produce food. World food conferences don't produce food; governments don't produce food; state farm bureaus don't produce food; politicians don't produce food. Only a farmer and his family on the land produce food. The essential challenge, therefore, is to provide that farmer and his family with the incentive that will make him strive to excel and to give him the infrastructure that will permit him to maximize production from the land and labor available to him.

We have succeeded remarkably well in the United States in doing this. No civilization or society has ever matched what American agriculture has done in the 20th Century. The increase in productivity of the American farmer since the close of the last world war is nothing short of phenomenal.

Comparing the years 1950-54 with the years 1970-74, we can get some idea of what has been accomplished. In that short span total farm output has increased by 42 percent. The increase in output has gone up with productivity, and productivity in the 1970-74 period increased 43 percent over the levels of the 1950-54 ers. Clearly, agriculture has been one of the most rapidly-productive sectors of the American economy.

These advances have been the primary reasons why the American farmer can now feed 213 million Americans better than ever before in our history. Farmers can now feed twice as many Americans as they did 50 years ago on six percent fewer acres than were harvested 50 years ago. What makes that even more meaningful is that we are today feeding hundreds of millions of people around the world as well as ourselves--something we were not doing to the same degree half a century ago.

I believe there is a simple explanation for this record. The American farmer has been encouraged to invest in his operation and to innovate. He has been encouraged to apply the latest technological and scientific developments. In short, to take a little risk in the hope of increasing his returns.

The basic farm policy of the United States has been completely turned around in the last couple of years. As we now go for full production with market price orientation, we are in sharp contrast with the last three or four decades. Briefly, let me summarize this change as I perceive it.

It has moved--

1. From high internal price supports to a system of market price orientation.
2. From curtailed production to full output.
3. From production allotments and quotas to freedom from producer allotments.
4. From heavy dependence on government to primary dependence on the marketplace.
5. From broad governmental controls to minimal or no controls.
6. From heavy government stocks to vanishing government-held stocks.
7. From a moderate level of agricultural exports in world trade to a major contribution of agricultural exports to world trade.

In sum, our policy now is full utilization of the marvelous God-given agricultural resources in our country and will result in some very basic accomplishments. It will:

--Assure the American population an adequate food supply at the most reasonable possible prices;

--Continue to provide America's most important single source of foreign exchange;

--Permit America, through the export route, to raise the levels of nutrition of hundreds of millions of people around the world through commercial channels of trade;

--Permit America to continue her historic role of being a good neighbor in the world community of nations.

There are a number of nations in a truly critical food situation. If relief doesn't come, governments could topple. Food riots might occur. Local unrest may grow into full blown revolutions. And revolutions, once started, are difficult to contain. No longer can any nation of the world, and especially any affluent nation, enjoy the political isolation from the rest of the world that may have been possible a half a century ago.

This situation places the United States, sooner or later, in the middle of any world disturbance. In recognition of this, in the last decade especially, the United States has truly become the world's peace broker. This is a relatively new role for our country. Sometimes we play it awkwardly, though nonetheless sincerely. We covet no new territory. We seek to conquer no people. We don't seek to impose our religion, or our social customs, or even our form of government on other peoples. We seek only peace and tranquility.

On at least four occasions in this century, we have been engulfed in deadly struggle beyond our borders. On each occasion the food that our farmers produced played a central role in total American strength and in ultimate victory.

The challenge now is not to use American food for victory in war. The challenge is to use American food and expertise for victory in peace. The challenge is to mobilize all the nations of the world in an effort to conquer mankind's age-old quest for better eating, for better health, for better living.

It is on this very front that the American farmer can truly become an effective hunger fighter. It is on this very front that the American farmer can help his counterpart, whether he be a brown-skinned Indian, a yellow-skinned Thai, or a dark-skinned Kenyan. It is on this very front that the American farmer can wage war against the malnutrition that causes youngsters to have inflated abdomens; against conditions which prevent mothers from producing even enough milk for minimal growth of shriveled infants; against situations which condemn individuals to go through life as mental invalids because of nutritional deficiencies in their childhood years.

Mahatma Gandhi, the Indian philosopher of more than a generation ago, very wisely remarked one day: "Even God dare not approach a hungry man except in the form of bread." One need not travel far these days to understand why bread is the most powerful of all languages. It is a universal language. It is a language that growing millions yearn to hear and a language that nations will heed. It is precisely the language that the United States is prepared to speak, powerfully and eloquently. It is a language we are still learning to speak, sometimes awkwardly. It is the language we must speak louder and louder, year by year. It is the language of peace.

USDA 3553-74

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FOOD, FUEL, AND FAMINE

It would be accurate to say that mankind's lot in the world is a dynamic, changing relationship of turbulent forces.

It would also be accurate to say that man has trouble knowing just where he is at any one moment in these changing relationships.

All too often, the forces and relationships change before we can catch up with them. We are caught still solving old problems not knowing that we are in a new problem situation already.

Another failure of man is his inability to sort out of this quickly changing turbulent mass the real cause of the circumstances that are giving him trouble.

Having said that, I would like to suggest three things that I believe are gradually becoming clearer to all of us.

I. We are in the grips of food margin inflation.

You see the headlines almost every month: FOOD PRICES RISE AGAIN. FOOD COSTS SOAR. FOOD COST INCREASE HITS 27-YEAR HIGH.

Add it all up, and it appears that consumer food prices will increase about 15 percent this year on top of a 14.5 percent increase last year.

That fact, to some, is the explanation for our galloping inflation. Indeed, I saw in a highly respected publication just the other day an analysis of the situation which said: "It has become increasingly clear that the general inflation now raging in the U.S. can't be whipped without controlling food prices."

Address by Secretary of Agriculture Earl L. Butz, before the National Agricultural Outlook Conference, at the Jefferson Auditorium of the U.S. Department of Agriculture, Washington, D. C., December 12, 1974.

Our economists in the Department of Agriculture have analyzed the 1974 increase in food prices, and they find that more than 80 percent of the increase this year has been caused by wider cost margins between the farmer's gate and the consumer's plate. What that means is that of the 15 percent increase in consumer food prices in 1974, 12 percent is due to higher margins and only 3 percent is due to higher farm prices.

If we were living with only a 3 percent increase in food prices, the amount accountable by the increase in farm prices, housewives would be delighted. Instead, when you tack on the 12 percent food margin inflation, you come up with a 15 percent increase in 1974 consumer food prices. Housewives are unhappy, understandably; and more than a little perplexed.

Without stopping to argue about who is getting rich over these increased margins, we can assume that if the market forces are really competitive between the farmer and the consumer, nobody is getting rich for very long. The food distribution business is generally regarded as one of the most competitive around. We are left, then, to conclude that the principal culprit is the increased costs of processing and distribution, and that general inflation is largely responsible for the 12 percent food margin inflation.

Now back to the article we quoted a minute ago, which said: "It has become increasingly clear that the general inflation now raging in the U.S. can't be whipped without controlling food prices." We can see that this patently is not the case.

To put it more accurately, it should read: "The general increase in food prices now raging in the U.S. can't be whipped without controlling inflation." That is crystal clear when you understand that 80 percent of the increase in 1974 consumer food prices is caused by wider food handling margins.

Some related things are becoming much clearer, too:

1. We don't need compulsory controls on agricultural exports when the increase in farm prices, the raw product prices, account for only a 3 percent rise in 1974 consumer food prices. The favorable consequences of our farm exports far outweigh any unfavorable consequences.

2. It would be folly to try to control inflation by controlling food prices when 80 percent of the rise in food prices is caused by the inflation you are trying to control. If that sentence sounds mixed up; it isn't; it's the expectation that food price controls would stop inflation that's mixed up.

II. The world is in the midst of a petroleum recession. That's a second point which I think is getting clearer to all of us.

I think we would agree that the 1965-72 inflation was caused primarily by monetary and fiscal policy, unbalanced Federal budgets, wage and salary increases that exceeded productivity increases, and the cost of the Vietnam War.

We had a choice in the last two or three years. We could either go along blithely smoking this pipe of economic exhilaration until we crashed unwittingly into a depression, or we could throttle back, put on the brakes, and discretely slow down the racing economic machine. We chose the latter course.

Then in 1973 the escalating costs of petroleum were imposed on us, and the world, in an arbitrary manner. Suddenly our energy was costing many more dollars, more of other world currencies, and absorbing more of our purchasing power. What you spend for energy you can't spend for something else, so all the "something elses" for which we were spending money lost a chunk of their market.

This arbitrary escalating of energy costs, coming on top of our inflation woes, threatens to break our collective economic backs.

It has--

- * Severely contracted economic activity around the world.
- * Increased production costs, and consumer costs, dramatically.
- * Reduced fertilizer supplies, which curtails food production here and around the world.
- * Put national treasuries, budgets, and balance of payments badly out of kilter.
- * Shortened capital, increased interest rates, cut demand, forced cutbacks, eliminated jobs, and undermined consumer confidence.

Result: A world-wide petroleum recession.

To put it another way--the sheiks have chosen to give us the economic shakes, and the whole world is suffering as a consequence.

Instead of pouring oil on troubled economic waters, the OPEC countries whipped up the waves.

If you want to look for a patch of blue in the sky, you can tell yourself that at least we are better off than many other countries which depend more on external sources for their petroleum than we do.

Regardless, when the world is having an economic recession, we can't escape it. For the future, the outlook is as simple as this: As long as petroleum costs so much more, we'll have less money to buy other things. Since production takes energy, it will cost us more to produce almost everything we buy. That, just incidentally, includes food.

III. The third thing which is becoming increasingly clear is that we face the prospect of a population famine. One of these days, Malthus is going to be right.

Famines are not new, of course. Famines are as old as the twelfth chapter of Genesis: "And there was a famine in the land; and Abram went down into Egypt to sojourn there; for the famine was greivous in the land." As we all know, Joseph was in Egypt later when again "famine was over all the face of the earth" during the seven lean years.

Famines were frequent in later years. History records that in 879 there was universal suffering; in 1125 a famine cut the population of Germany in half; in 1505 during a famine in Hungary, parents killed and ate their children. England had a famine in 1586; Germany had another in 1817. Ireland had various potato famines. In 1870-72 Persia lost a fourth of her population in a famine; nearly 10 million died in China in 1877-78; 3 million died in India in 1769-70, 1-1/2 million in 1865-66, and a half million in 1877. In 1891-92 a Russian famine affected 27 million people.

What is new is that it would be fair to say that these famines were food famines, caused by sudden failures in the production of food due to weather, water, diseases and pests. What we face now is the prospect of a population famine where the population simply outruns the increasing food supplies.

The world's population is currently growing at the rate of about 2 percent, or 75 million persons a year. At this rate the number of people in the world would almost double by the year 2000, which isn't far off, as time goes. This means that we could well have 6 to 8 billion people in the world in another 25 years or so.

To feed them, even at present inadequate levels of nutrition, will take about double the amount of food that we now produce. Our job will be to learn somehow to produce as much more food 25 years from now as we are able to coax from the earth now with all the techniques that we have learned since the beginning of time.

I could be optimistic and say we can do it. I could also be a fool to think that we can. We simply don't know. Attitude has nothing to do with it. The proof will come in how well we perform, not in what we think we can do. This is a race where intentions don't pay off, performance does. The stakes are as high as widespread starvation itself.

If you want to look for the ray of sunshine here, you can assume that there will be a tremendous urge for governments to see that their people eat better. We have the greatest breadbasket in the world in our U.S. agricultural lands, agricultural know-how, farming infrastructure, and farm families with the ambition and incentive to produce. So on the one hand, we face the fastest growing commercial market for food that the world has ever known. U.S. agriculture will be in the economic forefront as a growth business.

If we maintain the level of increasing productivity per manhour in agriculture that we have for years--about twice the rate of increased output in industry--the world food market will be our oyster.

At the same time, if the developing countries do not step up their food productivity any faster than in recent times; and if their rates of population growth continue unabated, we will face a tremendous social decision. Will we be our brother's keeper, committed to stopping starvation anywhere in the world, regardless of how many brothers we have? Or can we be our brother's keeper, even if we want to, if we are overwhelmed with mouths to feed? Will we go on a bean diet in the United States so that more of the

world's teeming billions may live? Regardless of our ultimate decision, we will face a tremendous social and economic burden.

We can hope that reason will overcome mankind, that he will control his numbers, and not recklessly eat himself into oblivion by nibbling away at the earth's resources at a faster rate than the earth can combine those resources into food through the marriage of the sun's rays, the rains from the heavens, and the minerals of the soil.

My own judgment is that there are two equal parts to the world's food equation. One is the urgent need to increase food production in developed and developing countries alike. The other is the overwhelming need to slow down the rate of population increase. To falter in either, or to fail at either, is to court disaster.

What this means for the United States Department of Agriculture, the Land Grant institutions, the U.S. agricultural community, and others is that we must step up our technical assistance to the world. It calls for more research here and in world regional laboratories and test plots. It calls for adapting our techniques to other cultures to make the techniques effective within the system and limits of performance of people in other lands. It calls for new and more effective techniques of information and communication. It calls for us to streamline our teaching of techniques to adapt them to developing countries, and to reach the practicing farmer in other countries with our technical assistance. All too often, we train the elite from foreign lands who go home to sit in offices far from the buffalo who pulls the plow.

Perhaps what we need is to establish a Food for Peace Academy that will bring to international agriculture the kind of intensified practical training that the Land Grant Colleges brought to the common man in the United States 100 years ago.

The Morrill Act helped make the United States the breadbasket of the world. Perhaps a Food for Peace Academy could help do for the world what the Land Grant institutions did for us. Or, at the very least, we might help developing countries create and strengthen their Extension Education system for farmers.

Certainly, many nations need to wake up to the simple realization that only farmers produce food. Governments don't produce food. Further, farmers produce food only when they have an incentive--and they produce in proportion to the strength of that incentive. I was delighted to hear the Prime Minister of Egypt tell me in a conversation in his office last month that he perceived that the most promising answer to Egypt's food problem is to get more incentive out to the families on the land.

It seems to me that the churning, turbulent world of changing relationships in which we now live is sending out messages in the form of such key words as: food margin inflation; petroleum recession; population famine; technical assistance; population control; regional research; practical peasant training; and incentives. Unless we heed all of these, there is a darker word called simply "disaster."

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